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Company number : FC023381

Company number : SF000753

Woodward International, Inc.

**Financial statements
for the year ended 30 September 2013**

Registered in the United States of America
Branch number BR006182 (England and Wales)
Branch number BR004322 (Scotland)
Registered as having a UK establishment

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Woodward International, Inc.

**Financial statements
for the year ended 30 September 2013**

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Woodward International, Inc.

Statement of comprehensive income for the year ended 30 September 2013

	Note	2013 £	2012 £
Revenue		21,271,674	20,642,711
Cost of sales		(14,257,344)	(13,433,322)
Gross profit		7,014,330	7,209,389
Administrative expenses		(2,019,290)	(2,419,572)
Operating profit		4,995,040	4,789,817
Finance income	11	-	5,543
Finance costs	11	(16,784)	(832)
Net finance (costs)/income	11	(16,784)	4,711
Profit before income tax		4,978,256	4,794,528
Income tax expense		(1,205,454)	(1,296,230)
Total comprehensive profit for the year	7	3,772,802	3,498,298

There are no items of other comprehensive income recorded directly in equity.

The notes on pages 3 to 12 are an integral part of these financial statements.

Woodward International, Inc.

Statement of financial position at 30 September 2013

Branch no: BR004322

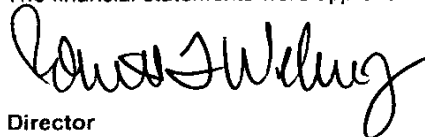
Branch no: BR006182

	Note	2013 £	2012 £
Assets			
Non-current assets			
Property, plant and equipment	2	764,761	757,300
Intangible assets	3	5,578,135	5,612,271
Deferred income tax assets	10	2,255,875	1,608,185
Retirement benefit assets		3,462,733	3,093,240
		12,061,504	11,070,996
Current assets			
Inventories	4	3,325,414	2,848,249
Trade and other receivables	5	3,884,299	2,933,051
Cash and cash equivalents		3,401,263	1,393,294
		10,610,976	7,174,594
Total assets		22,672,480	18,245,590
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	6	6	6
Capital contribution	8	29,702,764	29,702,764
Other reserves	8	(56,756)	(50,733)
Retained earnings	7	(9,743,492)	(13,516,294)
Total equity		19,902,522	16,135,743
Current liabilities			
Trade and other payables	9	2,132,013	1,466,850
Current income tax liabilities		637,945	642,997
		2,769,958	2,109,847
Total equity and liabilities		22,672,480	18,245,590

The notes on pages 3 to 12 are an integral part of these financial statements.

The financial statements were approved on August 22, 2014

by: Robert F. Weber



Director

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2013

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with Section 396 of the Companies Act 2006 as modified by Statutory Instrument 2009/1801. The company has taken advantage of the modifications and exemptions from disclosures that are set out in the Overseas Companies Regulations 2009. The statement of comprehensive income and statement of financial position include the line items required to be shown by International Accounting Standards. US GAAP has been used as the basis for preparing the numbers used in the financial statements. The financial statements do not require an audit in accordance with US Law and Regulations.

Functional and presentation currency

These financial statements are presented in Pounds Sterling which is the company's functional currency.

Foreign currency translation

Assets and liabilities are translated at fiscal year-end rates of exchange, and earnings are translated at weighted-average rates of exchange. Translation adjustments are accumulated with other comprehensive earnings as a separate component of stockholders' equity and are presented net of tax effects in the Statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment are recorded at cost and are depreciated over the estimated useful lives of the assets. Assets are depreciated using the straight-line method. Assets are tested for recoverability whenever events or circumstances indicate the carrying value may not be recoverable.

Estimated lives over which fixed assets are generally depreciated at September 30, 2013 were as follows:

Leasehold improvements	1-10 years
Vehicles and machinery	2-10 years
Furniture, fittings and equipment	3-10 years
Assets in course of construction	No depreciation as assets not in use

Goodwill

Goodwill is tested for impairment on a consolidated basis by the parent company of Woodward International, Inc. The parent company's impairment test is performed at the reporting unit level on an annual basis and more often if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The impairment test consist of comparing the implied fair value of reporting units with its carrying amount including goodwill. If the carrying amount of the reporting unit exceeds its implied fair value, the implied fair value of goodwill is compared with the recorded carrying amount of goodwill. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss would be recognised to reduce the carrying amount to its implied fair value. Any impairment loss determined by the parent company would be allocated to the appropriate subsidiary entities based on their relative proportion of the total goodwill of the reporting unit in which the subsidiary resides.

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2013 (continued)

1 Summary of significant accounting policies (continued)

Other intangibles

Other intangibles are recognised apart from goodwill whenever an acquired intangible asset arises from contractual or other legal rights, or whenever it is capable of being separated or divided from the acquired entity and sold, transferred, licensed, rented, or exchanged, either individually or in combination with a related contract, asset or liability. The company's intangible assets have an estimated useful life and are being amortised using patterns that reflect the periods over which the economic benefits of the assets are expected to be realised. Impairment losses are recognised if the carrying amount of an intangible is both not recoverable and exceeds its fair value.

Estimated lives over which intangible assets are amortised at September 30, 2013 were as follows:

Process technology	8-30 years
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Inventories

Inventories are valued at the lower of cost or market value, with cost generally being determined using methods that approximate a first-in, first-out basis.

Component parts include items that can be sold separately as finished goods or included in the manufacture of other products.

Customer deposits are recorded against inventory when the right of offset exists. All other customer deposits are recorded in accrued liabilities.

Income taxes

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of assets, liabilities and certain unrecognised gains and losses recorded in accumulated other comprehensive earnings.

Revenue recognition

Revenue is recognised upon shipment or delivery of tangible products for sale. Delivery is upon completion of manufacturing, customer acceptance, and the transfer of the risks and rewards of ownership. In countries whose laws provide for retention of some form of title by sellers, enabling recovery of goods in the event of customer default on payment, product delivery is considered to have occurred when the customer has assumed the risks and rewards of ownership of the products.

Occasionally, title of product to customers is transferred but substantive performance obligations are retained such as completion of product testing, customer acceptance or in some instances regulatory acceptance. Revenue is deferred until the performance of obligations are satisfied.

Certain products include incidental software or firmware essential to the performance of the product as designed which are treated as units of accounting associated with the related tangible product with which the software is included. Software is not sold on a standalone basis, although software upgrades, if any, are generally paid for by the customer.

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2013 (continued)

1 Summary of significant accounting policies (continued)

Post retirement benefits

Various benefits are provided to certain current and former employees through defined benefit pension and post retirement plans. For financial reporting purposes, net periodic benefits expense and related obligations are calculated using a number of significant actuarial assumptions. Changes in net periodic expense and funding status may occur in the future due to changes in these assumptions. The funded status of defined pension and post retirement plans recognised in the statement of financial position is measured as the difference between the fair market value of the plan assets and the benefit obligation. For a defined benefit pension plan, the benefit obligation is the projected benefit obligation; for any other defined benefit post retirement plan, such as a retiree health care plan, the benefit obligation is the accumulated benefit obligation. Any over-funded status is recognised as an asset and any underfunded status is recognised as a liability.

Projected benefit obligation is the actuarial present value as of the measurement date of all benefits attributed by the plan benefit formula to employee service rendered before the measurement date using assumptions as to future compensation levels if the plan benefit formula is based on those future compensation levels. Accumulated benefit obligation is the actuarial present value of benefits (whether vested or unvested) attributed by the plan benefit formula to employee service rendered before the measurement date and based on employee service and compensation, if applicable, prior to that date. Accumulated benefit obligation differs from projected benefit obligation in that it includes no assumption about future compensation levels.

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2013 (continued)

2 Property, plant and equipment

	Leasehold Improvements £	Vehicles and machinery £	Furniture, fittings and equipment £	Assets in course of construction £	Total £
At 1 October 2011					
Cost	941,979	1,490,129	232,358	-	2,664,466
Accumulated depreciation	(804,143)	(1,248,725)	(187,867)	-	(2,240,735)
Net book amount	137,836	241,404	44,491	-	423,731
Year ended 30 September 2012					
Opening net book amount	137,836	241,404	44,491	-	423,731
Additions	48,419	93,693	5,290	353,852	501,254
Disposals	-	(30,680)	-	-	(30,680)
Depreciation on disposals	-	30,680	-	-	30,680
Depreciation charge	(22,155)	(125,400)	(20,130)	-	(167,685)
Closing net book amount	164,100	209,697	29,651	353,852	757,300
At 30 September 2012					
Cost	990,398	1,553,142	237,648	353,852	3,135,040
Accumulated depreciation	(826,298)	(1,343,445)	(207,997)	-	(2,377,740)
Net book amount	164,100	209,697	29,651	353,852	757,300
Year ended 30 September 2013					
Opening net book amount	164,100	209,697	29,651	353,852	757,300
Additions	13,577	187,772	15,555	-	216,904
Transfers	-	353,170	682	(353,852)	-
Depreciation	(26,745)	(173,715)	(20,983)	-	(221,443)
Grant release	-	12,000	-	-	12,000
Closing net book amount	150,932	588,924	24,905	-	764,761
At 30 September 2013					
Cost	1,003,975	2,106,084	253,885	-	3,363,944
Accumulated depreciation	(853,043)	(1,517,160)	(228,980)	-	(2,599,183)
Net book amount	150,932	588,924	24,905	-	764,761

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2013 (continued)

3 Intangible assets

	Goodwill £	Process Technology £	Total £
At 1 October 2011			
Cost	5,584,646	512,039	6,096,685
Accumulated amortisation	(100,385)	(349,893)	(450,278)
Net book amount	5,484,261	162,146	5,646,407
Year ended 30 September 2012			
Opening net book amount	5,484,261	162,146	5,646,407
Amortisation charge	-	(34,136)	(34,136)
Closing net book amount	5,484,261	128,010	5,612,271
At 30 September 2012			
Cost	5,584,646	512,039	6,096,685
Accumulated amortisation and impairment	(100,385)	(384,029)	(484,414)
Net book amount	5,484,261	128,010	5,612,271
Year ended 30 September 2013			
Opening net book amount	5,484,261	128,010	5,612,271
Amortisation charge	-	(34,136)	(34,136)
Closing net book amount	5,484,261	93,874	5,578,135
At 30 September 2013			
Cost	5,584,646	512,039	6,096,685
Accumulated amortisation and impairment	(100,385)	(418,165)	(518,550)
Net book amount	5,484,261	93,874	5,578,135

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2013 (continued)

4 Inventories

	2013	2012
	£	£
Components	2,110,459	1,834,977
Work in process	641,106	577,882
Finished goods	573,849	435,390
	3,325,414	2,848,249

5 Trade and other receivables

	2013	2012
	£	£
Trade receivables	3,233,193	2,437,662
Receivables from related parties	578,168	288,691
Prepayments and other receivables	72,938	206,698
	3,884,299	2,933,051

6 Share capital

	2013	2012
	£	£
1,000 common stock shares of \$0.01 each	6	6

7 Retained earnings

	£
At 1 October 2011	(17,014,592)
Total comprehensive income for the year	3,498,298
At 30 September 2012	(13,516,294)
At 1 October 2012	(13,516,294)
Total comprehensive income for the year	3,772,802
At 30 September 2013	(9,743,492)

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2013 (continued)

8 Capital contribution and other reserves

	Capital contribution	Other reserves	Total
	£	£	£
At 1 October 2011	35,495,015	(48,764)	35,446,251
Amount repaid during the financial year	(5,792,251)	-	(5,792,251)
Currency translation differences	-	(1,969)	(1,969)
At 30 September 2012	29,702,764	(50,733)	29,652,031
At 1 October 2012	29,702,764	(50,733)	29,652,031
Currency translation differences	-	(6,023)	(6,023)
At 30 September 2013	29,702,764	(56,756)	29,646,008

During the prior year the company partly repaid a capital contribution of £5,792,251.

9 Trade and other payables

	2013	2012
	£	£
Amounts owed within one year:		
Trade payables	563,228	690,815
Amounts owed to related parties	1,232,063	394,291
Social security and other taxes	105,023	134,599
Other payables	56,614	22,517
Accrued expenses	175,085	224,628
	2,132,013	1,466,850

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2013 (continued)

10 Deferred income tax

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and previous financial year.

	2013 £	2012 £
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	2,255,875	1,608,185

The gross movement on deferred income tax balance in the year is as follows:

	2013 £	2012 £
At start of year	1,608,185	1,952,840
Deferred tax charge/(credit)	647,690	(344,655)
At 30 September	2,255,875	1,608,185

11 Finance income and costs

	2013 £	2012 £
Finance income:		
Interest receivable from related parties	-	2,252
Interest income on bank deposits	-	3,291
Finance income	-	5,543
Finance costs:		
Interest payable to related parties	(7,625)	(194)
Other interest	(9,159)	(638)
Finance costs	(16,784)	(832)
Net finance (costs)/income	(16,784)	4,711

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2013 (continued)

12 Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2013	2012	2013	2012
	£	£	£	£
No later than 1 year	99,450	90,000	67,671	55,932
Later than 1 year and no later than 5 years	360,000	360,000	66,113	56,800
Greater than 5 years	-	-	-	-
	459,450	450,000	133,784	112,732

13 Related party transactions

(a) Sales of goods and services

	2013	2012
	£	£
Sales of goods and services:		
Other related parties	3,185,564	2,435,012

Sales with related parties were carried out on commercial terms and at market prices.

(b) Purchases of goods and services

	2013	2012
	£	£
Purchases of goods and services:		
Other related parties	11,536,403	10,627,150

Purchases from related parties were carried out on commercial terms and at market prices.

(c) Finance income

	2013	2012
	£	£
Finance income:		
Other related parties	-	2,252

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2013 (continued)

14 Related party transactions (continued)

(d) Finance costs

	2013	2012
	£	£
Finance costs:		
Other related parties	7,625	194

(e) Year end balances arising from purchases of goods and services and finance costs

	2013	2012
	£	£
Payables to related parties		
Other related parties	1,232,063	394,291
Receivables from related parties		
Other related parties	578,168	288,691