

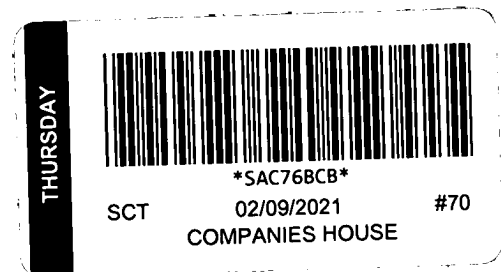
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Company number : FC023381
Company number : SF000753

Woodward International, Inc.

**Financial statements
for the year ended 30 September 2020**

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



Woodward International, Inc.

Financial statements for the year ended 30 September 2020

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Woodward International, Inc.

Statement of comprehensive income for the year ended 30 September 2020

	2020	2019
	£	£
Revenue	47,875,750	61,197,347
Cost of sales	(36,243,523)	(45,428,398)
Gross profit	11,632,227	15,768,948
	24.3%	25.8%
Administrative expenses	(2,072,274)	(1,217,251)
Operating profit	9,559,953	14,551,698
Finance income	4,782	14,329
Finance costs	0	0
Net finance income/(costs)	4,782	14,329
Profit before income tax	9,564,735	14,566,026
Income tax expense	(2,087,466)	(2,592,688)
Total comprehensive income for the year	7,477,269	11,973,339

The notes on pages 3 to 10 are an integral part of these financial statements.

Woodward International, Inc.

Statement of financial position at 30 September 2020

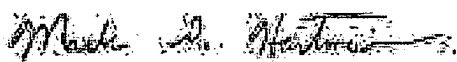
Branch no: BR004322

Branch no: BR006182

	Note	2020 £	2019 £
Assets			
Non-current assets			
Property, plant and equipment	2	1,806,474	1,570,690
Right of Use Lease Asset		767,357	
Intangible assets	3	5,484,261	5,484,261
Deferred income tax assets	10	4,632,033	4,573,099
Retirement benefit assets		5,975,954	4,691,696
		<u>18,666,079</u>	<u>16,319,746</u>
Current assets			
Inventories	4	6,685,186	10,224,124
Trade and other receivables	5	21,393,017	13,663,704
Cash and cash equivalents		1,706,624	1,272,730
		<u>29,784,827</u>	<u>25,160,558</u>
Total assets		<u>48,450,906</u>	<u>41,480,304</u>
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	6		
Capital contribution	8	7,942,171	7,942,171
Other reserves	8	0	0
Retained earnings	7	36,895,049	29,417,780
Total equity		<u>44,837,220</u>	<u>37,359,951</u>
Current liabilities			
Trade and other payables	9	2,802,562	2,933,850
Lease Liability Current		91,819	
Current income tax liabilities		53,169	1,186,504
		<u>2,947,551</u>	<u>4,120,354</u>
Noncurrent Liabilities			
Lease Liability Non Current		666,135	
		<u>666,135</u>	
Total equity and liabilities		<u>48,450,906</u>	<u>41,480,304</u>

The notes on pages 3 to 10 are an integral part of these financial statements.

The financial statements were approved on 8/13/2021 by **Mark Hartman, Director**.



Signature

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2020

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 included within 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. Translation adjustments are accumulated with other comprehensive.

Accounting Changes

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)" and has subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 842"). The purpose of ASC 842 is to increase transparency and comparability among organizations by recognizing lease right-of-use ("ROU") assets and lease liabilities for substantially all leases on the balance sheet. ASC 842 modifies the definition of a lease to clarify that an arrangement contains a lease when such arrangement conveys the right to control the use of an identified asset.

Woodward adopted ASC 842 on October 1, 2019 using the modified retrospective transition method under which prior periods were not restated and the cumulative effect of initial adoption was recognized in retained earnings on the date of initial application, October 1, 2019.

The new guidance under ASC 842 provides a number of optional practical expedients in transition. Woodward elected the "package of practical expedients," which allowed Woodward not to reassess under the new guidance our prior conclusions about lease identification, lease classification and initial direct costs. Accordingly, Woodward carried forward its existing conclusions on lease classification for leases existing as of the adoption date. Additionally, embedded lease arrangements were assessed under the prior guidance of ASC 840 lease framework for transition on October 1, 2019. The new lease accounting guidance under ASC 842 has been applied for all arrangements commencing or modified on or after October 1, 2019.

Woodward also elected as a practical expedient to not record qualifying short-term leases with a term of twelve months or less (inclusive of reasonably certain renewals and termination options) at the inception of the contract on the balance sheet and instead recognizes those lease payments in the Statement of Comprehensive Earnings on a straight-line basis over the lease term. This practical expedient may not be applied to short-term leases that contain a purchase option that is reasonably certain of exercise.

Woodward has also elected the practical expedient to not separate lease and non-lease components for its lease arrangements when it is the lessee.

Woodward International, Inc.

The adoption of ASC 842 resulted in recognition of operating ROU assets of £851,458, operating lease liabilities of (£842,958) and an (£8,500) reduction of Prepaid Assets as of October 1, 2019.

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, 2020 were as follows:

Leasehold improvements	1-10 years
Vehicles and machinery	2-15 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.

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, 2020 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.

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

Substantially all product revenue recorded by this entity is the result of providing maintenance repair and overhaul services. Under the guidelines of ASC 606, the majority of product revenue for this entity is recognized on an over time basis. This means that revenue is recognized as repair costs are incurred for an order in proportion to the total expected costs for the order.

Post retirement benefits

Woodward International, Inc.

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.

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2 Property, plant and equipment

	Leasehold Improvements £	Vehicles and Machinery £	Furniture, fittings and equipment £	Assets under Construction £	Total £
At 1 October 2018					
Cost	1,045,077	2,891,210	235,978	872,817	5,045,082
Accumulated Depreciation	(1,029,528)	(2,462,541)	(206,841)	-	(3,698,910)
Net book amount	15,549	428,669	29,137	872,817	1,346,172
Year ended 30 September 2019					
Opening net book amount	15,549	428,669	29,137	872,817	1,346,172
Additions	-	899,563	13,061	(578,116)	334,508
Disposals	-	-	-	-	-
Depreciation	(15,549)	(77,343)	(17,099)	-	(109,991)
	(0)	1,250,889	25,099	294,701	1,570,689
At 30 September 2019					
Cost	1,045,077	3,790,773	249,039	294,701	5,379,590
Accumulated Depreciation	(1,045,077)	(2,539,884)	(223,940)	-	(3,808,901)
Net book value	(0)	1,250,889	25,099	294,701	1,570,689
At 1 October 2019					
Cost	1,045,077	3,790,773	249,039	294,701	5,379,590
Accumulated Depreciation	(1,045,077)	(2,539,883)	(223,940)	-	(3,808,900)
Net book value	0	1,250,890	25,099	294,701	1,570,690
Year ended 30 September 2020					
Opening net book amount	0	1,250,890	25,099	294,701	1,570,690
Additions	378,608	280,064	-	46,842	705,513
Disposals	-	-	-	(294,701)	(294,701)
Depreciation	(24,785)	(134,520)	(15,724)	-	(175,029)
	353,823	1,396,434	9,376	46,842	1,806,474
At 30 September 2020					
Cost	1,423,684	4,070,837	249,039	46,842	5,790,403
Accumulated Depreciation	(1,069,861)	(2,674,404)	(239,663)	-	(3,983,928)
Net book value	353,823	1,396,434	9,376	46,842	1,806,474

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3 Intangible assets

	Goodwill	Process Technology	Total
At 1 October 2019			
Cost	5,584,646	512,039	6,096,685
Accumulated Amortisation	(100,385)	(512,039)	(612,424)
Net book value	5,484,261	-	5,484,261
Year ended 30 September 2020			
Opening net book amount	5,484,261	-	5,484,261
Additions			-
Amortisation			-
Grant Release			-
	5,484,261	-	5,484,261
At 30 September 2020			
Cost	5,584,646	512,039	6,096,685
Accumulated Amortisation	(100,385)	(512,039)	(612,424)
Net book value	5,484,261	-	5,484,261

4 Inventories

	2020	2019
	£	£
Components	4,935,886	7,304,935
Work in progress	1,297,627	2,127,354
Finished goods	687,652	1,339,551
On-hand Inventory for Which Control has transferred to the Customer	(235,978)	(547,715)
	6,685,186	10,224,124

5 Trade and other receivables

	2020	2019
	£	£
Trade Receivables	4,134,975	9,599,863
Receivables from related parties	17,036,959	2,604,363
Prepayments and other receivables	221,083	1,459,478
	21,393,017	13,663,704

6 Share capital

	2020	2019
	£	£
	0	0

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7 Retained earnings

	£
At 1 October 2019	29,417,780
Total comprehensive Income for the year	7,477,269

At 30 September 2020	36,895,048.88
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8 Capital contribution and other reserves

	Capital contribution	Other reserves	Total
At 1 October 2019	7,942,171	-	7,942,171
Currency translation differences	-	-	-
At 30 September 2020	7,942,171	-	7,942,171

9 Trade and other payables

	2020	2019
	£	£
Amounts owed within one year:		
Trade payables	1,417,314	1,507,389
Amounts owed to related parties	605,006	523,534
Social security and other taxes	114,788	238,456
Other payables	-	3
Accrued expenses	665,454	664,467
	2,802,562	2,933,850

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.

	2020	2019
	£	£
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	4,632,033	4,573,099

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

	2020	2019
	£	£
At start of year	4,573,099	3,472,766
Deferred tax charge	58,934	1,100,332
At 30 September	4,632,033	4,573,099

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11 Finance income and costs

	2020	2019
	£	£
Finance income		
Interest receivable from related parties (note 13)		
Interest income from bank deposits	4,782	14,329
Finance income:	4,782	14,329

12 Operating lease commitments

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

	Land and Buildings		Other	
	2020	2019	2020	2019
	£	£	£	£
No later than 1 year	0	4,849	2,738	4,144
Later than 1 year and no later than 5 years	0	0	27,366	39,157
Greater than 5 years	841,500	969,000	0	0
	841,500	973,849	30,104	43,300

13 Related party transactions

	2020	2019
	£	£
(a) Sales of goods and services		
Parent	14,904,749	13,423,511
Associate	690,736	933,565
Other related parties	3,167,129	2,811,582
	18,762,614	17,168,659

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

	2020	2019
	£	£
(b) Purchases of goods and services		
Parent	30,191,843	45,208,759
Associate	12,528	7,043
	30,204,371	45,215,802

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

(c) Finance income	2020	2019
	£	£
Finance income:		
Other related parties	-	-

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

	2020	2019
	£	£
Payables to related parties		
Parent	325,318	5,333
Associate	3,448	3,157
Other Related Parties	276,240	515,044
	<u>605,006</u>	<u>523,534</u>
Receivables from related parties		
Parent	16,897,942	2,152,582
Associate	105,065	255,946
Other Related Parties	33,952	195,835
	<u>17,036,959</u>	<u>2,604,363</u>