

Lockman Financing Limited
Annual report and accounts
for the year ended 31 December 2014

Registered number 04351249



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for the year ended 31 December 2014

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Lockman Financing Limited

Directors' report for the year ended 31 December 2014

The directors have pleasure in submitting their report, together with the strategic report and audited financial statements of Lockman Financing Limited ("the Company") for the year ended 31 December 2014.

Results and dividends

The Company's results for the year are set out in the profit and loss account on page 7 showing a loss for the financial year after tax of US\$1,000 (2013: US\$nil). At 31 December 2014, the Company had net assets of US\$367,968,000 (2013: US\$367,969,000). A review of the Company's business during the year, together with information on the Company's risks and uncertainties and financial risk management are provided in the strategic report on page 3.

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

Directors

The following directors held office during the year and up to the date of signing these financial statements:

K Morrison
J Wais
O Hayes
A Ryan (resigned 26 September 2014)
M Seymour (appointed 26 September 2014)

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

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

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

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

Lockman Financing Limited

Directors' report for the year ended 31 December 2014 (continued)

Disclosure of information to auditors

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

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

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

By order of the board



L C Colloff
Company secretary
20 May 2015

Lockman Financing Limited

Strategic report for the year ended 31 December 2014

Business review

The principal activity of the Company is that of an investment holding company and this is not expected to change in the foreseeable future.

The directors consider the results for the year to be satisfactory. The performance of the business and position at the year end are discussed in the Directors' report.

Future developments

The directors anticipate that next year will show a similar performance to the current year.

Principal risks and uncertainties

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

The key business risks and uncertainties affecting the Company are considered to relate to the valuation of the Company's investments. Further discussion of the risks and uncertainties, of the group as a whole, is provided on pages 34 to 39 of the Cobham plc 2014 Annual Report and Accounts which does not form part of this report.

Key performance indicators

The directors of the ultimate parent undertaking, Cobham plc, manage the group's operations by sector. For this reason, the Company's directors believe that analysis using key performance indicators at the Company level (financial and non-financial) is not necessary or appropriate for an understanding of the development, performance or position of the business of Lockman Financing Limited. The development, performance and position of Cobham plc, which includes the Company, is discussed in the Cobham plc 2014 Annual Report and Accounts which does not form part of this report. KPIs for the group as a whole are discussed on pages 14 to 17 of that report.

Financial risk management

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

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

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

Liquidity risk

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

Foreign currency exchange rate risk

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

By order of the board



L C Colloff
Company secretary
20 May 2015

Lockman Financing Limited

Independent auditors' report to the members of Lockman Financing Limited

Report on the financial statements

Our opinion

In our opinion, Lockman Financing Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss 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.

What we have audited

Lockman Financing Limited's financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Lockman Financing Limited

Independent auditors' report to the members of Lockman Financing Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

20 May 2015

Lockman Financing Limited

Statement of accounting policies

Accounting convention

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

Basis of preparation

The financial statements contain information about Lockman Financing Limited as an individual company and do not contain consolidated financial information as the parent undertaking of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it, and its subsidiary undertaking, are included by full consolidation in the consolidated financial statements of its ultimate parent company, Cobham plc, which are publicly available (see note 12).

Current taxation

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

Investments

Investments are stated at cost, less any provision for impairment in value.

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

Financial assets and liabilities

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

Foreign currencies

The financial statements have been prepared in US dollars as the directors consider US dollars to be the Company's local currency as the majority of transactions, assets and liabilities are denominated in US dollars. The Company is incorporated in England and resident in Ireland for tax purposes.

Transactions denominated in non-local currencies are translated at the rate of exchange on the day the transaction occurs.

Monetary assets and liabilities denominated in non-local currencies are translated at the rate of exchange ruling at the balance sheet date.

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

Estimation techniques

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

Lockman Financing Limited

Profit and loss account for the year ended 31 December 2014

	Note	2014 US\$000	2013 US\$000
Administrative expenses		(1)	-
Operating (loss)/result and (loss)/result on ordinary activities before taxation	1	(1)	-
Tax on (loss)/result on ordinary activities	2	-	-
(Loss)/result for the financial year		(1)	-

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

The (loss)/result on ordinary activities before taxation and the (loss)/result for the financial year have been calculated on the historical cost basis in the current and comparative year.

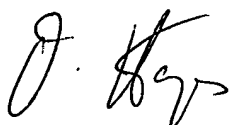
The Company has no recognised gains or losses other than the amounts above and therefore no separate statement of total recognised gains and losses has been prepared in the current and comparative year.

Lockman Financing Limited

Balance sheet as at 31 December 2014

		2014		2013	
	Note	US\$000	US\$000	US\$000	US\$000
Fixed assets					
Investments	5		368,035		368,035
Current assets					
Cash at bank and in hand		7		8	
		7		8	
Creditors: amounts falling due within one year	6	(74)		(74)	
Net current liabilities			(67)		(66)
Net assets and total assets less current liabilities			367,968		367,969
Capital and reserves					
Called up share capital	7		358,000		358,000
Profit and loss account	8		9,968		9,969
Total shareholders' funds	9		367,968		367,969

The financial statements on pages 6 to 11 were approved by the board on 20 May 2015 and were signed on its behalf by:



O Hayes
Director

Registered number in England: 04351249

Lockman Financing Limited

Notes to the financial statements for the year ended 31 December 2014

1. Operating (loss)/result and (loss)/result on ordinary activities before taxation

Operating (loss)/result and (loss)/result on ordinary activities before taxation is stated after bank charges totalling \$649 (2013: \$439).

Auditors' remuneration of US\$3,414 (2013: US\$3,166) was borne by another group company with no recharge to the Company. Fees paid to the Company's auditors, PricewaterhouseCoopers LLP and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements since the consolidated group financial statements of the ultimate parent undertaking, Cobham plc, disclose the non-audit fees on a consolidated basis.

2. Tax on (loss)/result on ordinary activities

	2014 US\$000	2013 US\$000
Current tax:		
Irish corporation tax on (loss)/result for the year	-	-

The current tax assessed for the year is the same as (2013: same as) the applicable rate of corporation tax in the Republic of Ireland of 25% (2013: 25%).

3. Directors' emoluments

K Morrison and J Wais are employed by, and receive their emoluments from, the Company's ultimate parent undertaking. O Hayes, A Ryan and M Seymour are employed by, and receive their emoluments from, a third party undertaking. No other amounts have been paid or are owed at 31 December 2014 (2013: US\$nil) in respect of services supplied by the directors to the Company since their services are incidental to their services to the group as a whole.

4. Employee costs

The Company had no employees during 2014 or 2013.

Lockman Financing Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

5. Investments

Investments in group undertakings comprise:

	Shares at cost US\$000
Cost and net book amount	
At 1 January 2014 and 31 December 2014	368,035

In the opinion of the directors the value of investments in subsidiary undertakings is not less than the aggregate amount at which they are shown in the balance sheet.

The Company owns the whole of the ordinary share capital of Lockman Finance Limited, a company incorporated and operating in the UK. The principal activity of Lockman Finance Limited is the provision of finance to companies within the Cobham plc group.

6. Creditors: amounts falling due within one year

	2014 US\$000	2013 US\$000
Other creditors	74	74

7. Called up share capital

	2014 US\$	2013 US\$
Allotted, called up and fully paid:		
1,000,000 'A' ordinary shares of US\$358 each	358,000,000	358,000,000
1 'B' ordinary share of US\$1 each	1	1

The 'A' and 'B' ordinary shares rank equally in respect of dividends and winding up.

8. Profit and loss account

	US\$000
At 1 January 2014	9,969
Loss for the financial year	(1)
At 31 December 2014	9,968

Lockman Financing Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

9. Reconciliation of movements in total shareholders' funds

	2014 US\$000	2013 US\$000
(Loss)/result for the financial year	(1)	-
Opening shareholders' funds	367,969	367,969
Closing shareholders' funds	367,968	367,969

10. Contingent liabilities

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

11. Capital commitments

The Company had no capital commitments outstanding at 31 December 2014 or 31 December 2013.

12. Ultimate parent undertaking

The Company's immediate parent undertaking is Lockman Investments Limited.

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

13. Cash flow statement and related party disclosures

As noted above, the Company is a wholly owned subsidiary of Lockman Investments Limited and is included in the consolidated financial statements of Cobham plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

The Company has also taken the exemption under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Cobham plc group or investees of the Cobham plc group.