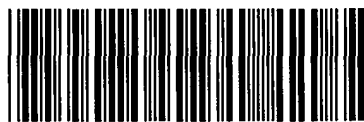


Registered number: 06707516

Ontic Engineering & Manufacturing UK Limited

**Annual Report and Financial Statements
For the year ended 31 December 2014**

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Ontic Engineering & Manufacturing UK Limited

Annual Report and financial statements for the year ended 31 December 2014

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Ontic Engineering & Manufacturing UK Limited

Annual Report and financial statements for the year ended 31 December 2014

Officers and professional advisers

Directors

Gareth Hall
Michael Waters
Mark Stubbs

Registered Office

3rd Floor
105 Wigmore Street
London
W1U 1QY

Bankers

HSBC Bank plc
14 Bradford Road
Cleckheaton
West Yorkshire
BD19 3JR

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditors
2 New Street Square
London
EC4A 3BZ

Directors' report

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditor's report, for the year ended 31 December 2014.

Going concern

The Company is profitable with net assets and net current assets and is expected to continue to generate positive cash flows on its own account for the foreseeable future. It has a strong portfolio of geographically diverse customers across its businesses and expects to grow rapidly in the coming years as new licences are acquired. The Company participates in the group's centralised treasury arrangements and so may access the banking arrangements of its parent and fellow subsidiaries should further liquidity become necessary to finance its on-going operations and future development.

The directors, having assessed the responses of the directors of the Company's parent BBA Aviation plc to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the BBA Aviation plc to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of BBA Aviation plc, the Company's directors have a reasonable expectation that the Company has adequate resources to continue in existence undertaking the principal business activity outlined above for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disabled employees

It is the company's policy to make reasonable accommodation and give full consideration to suitable applications for employment for disabled persons.

In the event of a member of staff becoming disabled every effort would be made to ensure that employment continues or training is provided for other positions within the company.

Employee involvement

The company recognises the value of the involvement of its employees and continues the practice of keeping them informed of matters affecting them as employees and factors affecting the company's performance. During the year regular meetings were held with employees.

Directors

The directors who held office throughout the year, and subsequently except as noted were:

Gareth Hall

Michael Waters

Mark Stubbs

Directors' remuneration

The majority of the Board of Directors are not directly remunerated by the company and are instead remunerated by the ultimate parent company BBA Aviation PLC. This is not going to change in the future.

Directors' report (continued)

Capital structure

The directors determine the appropriate capital structure of the company to meet the financing requirements of its ongoing and future activities, minimize its financial risks and secure its solvency.

At 31 December 2014, the company had long term liabilities of £39,112,205 (2013: £32,480,297) and shareholders' equity of £18,572,427 (2013: £12,393,772).

The company's long term debt to equity ratio at 31 December 2014 is therefore 2.11 to 1 (2013: 2.62 to 1).

Future developments

The directors expect that the present level of growth will continue in the foreseeable future through the acquisition of new licences. It is expected that the annual revenue generated from the four new licences acquired in 2014 will be £10m.

Underlying businesses (oxygen and fuel gauging systems) are expected to continue to yield a similar level of revenue as in 2014.

Post balance sheet events

There have been no significant events since the balance sheet date.

Statement on information given to the auditor

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 auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint it will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Gareth Hall
Director
29 June 2015

Strategic report

The principal activities of the company comprise of the manufacture of legacy parts for the aviation industry worldwide.

The main business consists of oxygen products (acquired under licence in 2008) and fuel gauging systems (acquired from GE in May 2011 for £37m).

The directors consider the results of the business to be in line with expectations.

Business overview

During the year ended 31 December 2014 the company has generated £41,680,904 revenue, a 2.0% decrease on prior year (2013: £42,533,968). Profit for the year after tax amounted to £6,178,655 (2013: £6,268,087). There have been no significant events since the balance sheet date.

There have not been any significant changes in the principal activities in the year under review. The company secured four additional licences early in 2014.

The business holds UK CAA/EASA Part 145 repair station / UK CAA/EASA Part 21G Manufacturing / ISO 9001:2008 and AS9100 Rev C/9100:2009 certification from BSI.

The company ended the year in a sound financial position with net assets of £18,572,427 (2013: £12,393,772), including £5,941,890 (2013: £1,924,073) cash.

Key Performance Indicators (KPIs)

Key Performance Indicators (KPIs) are used by the company on an ongoing basis to assess its performance in relation to a variety of financial and operational measures. These include, but are not limited to:-

Revenue

2014: £41,680,904 (down 2.0%)

2013: £42,533,968

Operating Profit (Operating Profit %)

2014: £8,505,169 (20.4%)

2013: £7,381,761 (17.4%)

Working Capital Ratio

2014: 2.02 to 1

2013: 1.48 to 1

Principal risk and uncertainties

The key risk facing the company is further deterioration in the global economy resulting in airlines or airframe manufacturers either reducing their flight schedules and production or ceasing to trade.

Financial risk management

The company is exposed to credit risk and currency risk. The company has agreed with group treasury a policy to provide forward dollar contracts and believe that this mitigates the majority of the currency risk.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

To ensure the liquidity of on-going operations and future developments the company when necessary can access the cash facility of the ultimate parent company, BBA Aviation plc.



Gareth Hall
Director
29 June 2015

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and accounting estimates that are reasonable and prudent;
- * state whether applicable UK Accounting Standards have been followed, and:
- * 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 to 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.

Independent auditor's report to the members of Ontic Engineering and Manufacturing UK Limited

We have audited the financial statements of Ontic Engineering and Manufacturing UK Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements 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. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

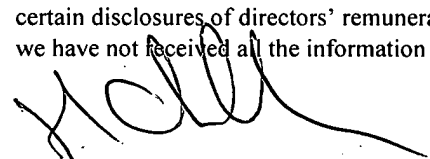
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



John Charlton FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
29 June 2015

Ontic Engineering and Manufacturing UK Ltd

Profit and loss account

For the year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover			
Existing operations		41,680,904	42,533,968
Acquisitions		-	-
Continuing operations		<u>41,680,904</u>	<u>42,533,968</u>
Cost of sales		<u>(21,371,030)</u>	<u>(22,546,516)</u>
Gross profit		20,309,874	19,987,452
Other operating expenses		<u>(11,804,705)</u>	<u>(12,605,691)</u>
Operating profit		<u>8,505,169</u>	<u>7,381,761</u>
Interest received		87,171	-
Interest paid		<u>(2,332,185)</u>	<u>(1,107,674)</u>
Profit on ordinary activities before taxation	2	6,260,155	6,274,087
Taxation	5,11	<u>(81,500)</u>	<u>(6,000)</u>
Profit for the financial year	14	<u><u>6,178,655</u></u>	<u><u>6,268,087</u></u>

All results derive from continuing operations.

There were no recognised gains or losses in the current or prior year other than those reflected above. Accordingly no statement of total recognised gains and losses has been presented.

The accompanying notes are an integral part of this profit and loss account.

Ontic Engineering and Manufacturing UK Ltd

Balance sheet

As at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Intangible assets	6	10,027,402	2,759,157
Goodwill	6	30,388,470	32,270,098
Tangible assets	7	<u>4,741,056</u>	<u>4,540,400</u>
		<u>45,156,928</u>	<u>39,569,655</u>
Current assets			
Stocks	8	11,069,630	7,939,641
Debtors amounts falling due within one year	9	7,753,866	6,429,033
Cash at bank and in hand		<u>5,941,890</u>	<u>1,924,073</u>
		24,765,386	16,292,747
Creditors: amounts falling due within one year	10	<u>(12,237,682)</u>	<u>(10,988,333)</u>
Net current assets		<u>12,527,704</u>	<u>5,304,414</u>
Total assets less current liabilities		<u>57,684,632</u>	<u>44,874,069</u>
Creditors: Amounts falling due after more than one year	12	<u>(39,112,205)</u>	<u>(32,480,297)</u>
Net assets		<u><u>18,572,427</u></u>	<u><u>12,393,772</u></u>
Capital and reserves			
Called up share capital	13,14	1	1
Profit and loss account brought forward	14	12,393,771	6,125,684
Profit and loss - current year	14	<u>6,178,655</u>	<u>6,268,087</u>
Shareholders' funds		<u><u>18,572,427</u></u>	<u><u>12,393,772</u></u>

The accompanying notes form an integral part of this balance sheet.

The financial statements of Ontic Engineering and Manufacturing UK Ltd (registered number 06707516) were approved by the Board of Directors and authorised for issue on 29 June 2015



Gareth Hall
Director

Notes to the financial statements

For the year ended 31 December 2014

1. Accounting policies

Accounting convention

The principal accounting policies are summarised below and have been applied consistently throughout the current and preceding periods.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law. In preparing the financial statements, the directors have adopted the going concern basis as explained in the Directors' Report.

The company has taken advantage of the exemption under FRS 1 (revised) from preparing a cash flow statement as it is a wholly-owned subsidiary of a parent which prepares a group cash flow statement in its publically available financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost and net of depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful economic life as follows:

Assets under the course of construction - depreciation starts when asset is brought to use

Leasehold improvements - 10 years

Computer equipment - 3 years

Machinery, plant and equipment - 10 years

Motor vehicles - 4 years

Intangible assets

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Licenses are included at cost and amortised over a period of 5 to 20 years depending on their estimated useful economic life. Provision is made for any impairment.

Acquisitions

Financial statements reflect the allocation of the purchase price based on a fair value assessment of the assets acquired. Goodwill was mainly attributable to customer relationships acquired and is amortised over the period of 20 years.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling using the rates of exchange at the balance sheet date.

All exchange differences are reflected in the operating profit for the year.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, and represent amounts receivable for goods supplied and services provided by the company.

Stocks

Stocks are stated at the lower of cost and net realisable value. Raw materials - purchase cost on a first-in, first-out basis, including transport costs. Work-in-progress - cost of direct materials and labour, plus a reasonable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred on completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

The tax charge on the profit or loss for the year comprises current tax.

Current tax is the expected tax payable for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax for the company is provided in the consolidated group financial statements on a full provision basis, providing for timing differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not provided on timing differences arising from the sale or revaluation of fixed assets unless, at the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will qualify for rollover relief.

Deferred tax is calculated using the enacted or substantively enacted rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited on the profit or loss account, except when it relates to items credited or charged directly to equity in which case the deferred tax is also dealt with in equity.

In accordance with FRS 19, deferred tax assets are recognised only to the extent that it is regarded that it is more likely than not that future taxable profits will be available against which the assets can be utilised.

Leases

Operating leases - the rental payments are charged to the profit and loss account on a straight-line basis over the lives of the leases.

Pensions

Payments to defined contribution retirement schemes are charged as an expense as they fall due.

Related party transactions

Under FRS 8, the company is exempt from disclosing related party transactions with other group companies as 100% of the voting rights are controlled within the group and the ultimate parent company, BBA Aviation plc., has prepared consolidated financial statements which include the results of the company for the period and are available to the public.

Ontic Engineering and Manufacturing UK Ltd

Notes to the financial statements (continued)

For the year ended 31 December 2014

2. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2014	2013
	£	£
Auditor's remuneration		
fee payable for the audit of the company's financial statements	38,260	41,105
Operating lease rentals - plant and machinery	238,678	270,583
Depreciation of tangible fixed assets	422,448	406,712
Amortization of intangible assets	377,765	213,007
Amortization of goodwill	1,881,628	1,866,098
Foreign exchange (gains)/losses	(8,100)	89,296
	<u> </u>	<u> </u>

3. Directors' remuneration

	2014	2013
	£	£
Emoluments	384,264	350,337
Company pension contribution to money purchase schemes	24,642	23,569
	<u>408,906</u>	<u>373,906</u>

The amounts set out above include remuneration in respect of the highest paid director as follows:-

	2014	2013
	£	£
Emoluments	276,604	253,861
Company pension contribution to money purchase schemes	18,454	17,895
	<u>295,058</u>	<u>271,756</u>

The majority of the Board of Directors are not directly remunerated by the company and are instead remunerated by the ultimate parent company BBA Aviation PLC.

	Number	Number
The number of directors who are members of a money purchase pensions scheme:	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

4. Staff costs

	2014	2013
	£	£
Wages and salaries	5,757,720	5,050,806
Social security costs	631,028	532,392
Other pension costs	215,121	158,381
	<u>6,603,869</u>	<u>5,741,579</u>

The average monthly number of employees (including executive directors) was:

	No.	No.
Production	46	42
Distribution	5	5
Administration	87	67
	<u>138</u>	<u>114</u>

Ontic Engineering and Manufacturing UK Ltd

Notes to the financial statements (continued)

For the year ended 31 December 2014

5. Taxation

	2014 £	2013 £
United Kingdom corporation tax at 21.5% (2013: 23.25%) based on the profit for the period	-	-
Total current tax charge	-	-
Deferred tax		
Prior year adjustment	(2,500)	-
Origination and reversal of timing differences (note 11)	(85,000)	26,000
Change in tax rate	6,000	(32,000)
	<u>(81,500)</u>	<u>(6,000)</u>

Factors affecting the current tax charge

Tax at the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	1,345,933	1,458,725
Permanent differences	27,957	56,731
Fixed asset timing differences	(19,696)	70,645
Other timing differences	(76,122)	(45,297)
Tax losses claimed for no payment	<u>(1,278,072)</u>	<u>(1,540,804)</u>
	<u>-</u>	<u>-</u>

The tax charge of the company in future periods is expected to be affected most significantly by the availability of group relief for £nil consideration and the incurrence of expenses for which there is no tax relief available.

The reduction in the UK corporation tax rate to 21 per cent from 1 April 2014 and the further reduction to 20 per cent from 1 April 2015 were substantively enacted on 2 July 2013. As the 2013 Finance Act has been enacted at the balance sheet date, the effects of these changes are reflected in the financial statements for the year ended 31 December 2014.

Notes to the financial statements (continued)

For the year ended 31 December 2014

6. Intangible assets

Cost	Goodwill £	Licences £	Total £
At 1 January 2014	37,632,522	3,434,640	41,067,162
Additions	-	7,646,010	7,646,010
At 31 December 2014	37,632,522	11,080,650	48,713,172
Amortisation			
At beginning of the year	5,362,424	675,483	6,037,907
Charge for the year	1,881,628	377,765	2,259,393
At end of the year	7,244,052	1,053,248	8,297,300
Net book value			
At 31 December 2013	32,270,098	2,759,157	35,029,255
At 31 December 2014	30,388,470	10,027,402	40,415,872

7. Tangible assets

	Leasehold improvement £	Machinery, plant and equipment £	Motor vehicles £	Computer equipment £	Leasehold Building £	Assets under the course of construction £	Total £
Cost							
At 1 January 2014	337,306	561,334	36,480	313,359	3,769,107	276,531	5,294,117
Additions	171,761	319,978	19,167	37,175	-	236,997	785,078
Transfer from assets under the course of construction	194,875	64,402	-	-	-	(259,277)	-
Disposals	(229,583)	(34,821)	(23,000)	(2,401)	-	(17,254)	(307,059)
At 31 December 2014	474,359	910,893	32,647	348,133	3,769,107	236,997	5,772,136
Depreciation							
At 1 January 2014	118,888	128,004	29,178	173,519	304,128	-	753,717
Charge for the year	36,212	73,190	7,363	102,228	203,455	-	422,448
Disposals	(106,888)	(14,263)	(23,000)	(934)	-	-	(145,085)
At 31 December 2014	48,212	186,931	13,541	274,813	507,583	-	1,031,080
Net book value							
At 31 December 2013	218,418	433,330	7,302	139,840	3,464,979	276,531	4,540,400
At 31 December 2014	426,147	723,962	19,106	73,320	3,261,524	236,997	4,741,056

Ontic Engineering and Manufacturing UK Ltd

Notes to the financial statements (continued)

For the year ended 31 December 2014

8. Stock and work in progress

	2014	2013
	£	£
Stocks	9,361,200	6,785,106
Work in progress	1,708,430	1,154,535
	<u>11,069,630</u>	<u>7,939,641</u>

9. Debtors

	2014	2013
	£	£
Trade debtors	5,538,507	5,278,062
Amounts owed by group undertakings	980,280	184,100
Other debtors	33,946	121,413
VAT	900,009	314,851
Prepayments and accrued income	162,624	310,607
Deferred taxation	138,500	220,000
	<u>7,753,866</u>	<u>6,429,033</u>

There is no interest charged on outstanding amounts owed by group undertakings.

10. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	6,457,340	4,992,860
Amounts owed to group undertakings	1,774,697	1,624,640
Taxation and social security costs	253,805	159,750
Accruals and deferred income	3,751,840	4,211,083
	<u>12,237,682</u>	<u>10,988,333</u>

There is no interest charged on outstanding amounts owed to group undertakings.

Notes to the financial statements (continued)

For the year ended 31 December 2014

11. Deferred tax

A deferred taxation asset is provided in the financial statement as follows:

	£
Balance as at 31 December 2013	220,000
Prior year	(2,500)
Change in tax rate	6,000
Current year movement	(85,000)
Balance as at 31 December 2014	138,500

Under Financial Reporting Standard Number 19, deferred taxation is provided in full on certain timing differences. The company does not discount the provision.

The deferred taxation credit was mainly the result of the tax effect of timing differences as follows:

Asset/(liability)	Provided 2014 £	Unprovided 2014 £	Provided 2013 £	Unprovided 2013 £
Arising from accelerated capital allowances	(21,700)	-	(1,000)	-
Arising from other timing differences	160,200	-	221,000	-
	<u>138,500</u>	<u>-</u>	<u>220,000</u>	<u>-</u>

12. Creditors: amounts falling due after more than one year

	2014 £	2013 £
Amounts owed to group undertakings	<u>(39,112,205)</u>	<u>(32,480,297)</u>

There were two loan agreements in place at 31 December 2014:-

1) A £4m loan agreement with BBA Aviation plc was due to expire on the 30 September 2014 and is interest free. It was extended via a Deed of Amendment (dated 26 September 2014) to 30 September 2018, with all other original terms unchanged.

2) A £36.0m loan agreement with BBA Aviation Scottish Limited Partnership, dated 28 March 2014, superseded the previous other loan agreement with BBA Aviation plc. This loan is subject to quarterly interest payments, commencing on 30 June 2014.

All amounts are treated as long term creditors as there was no obligation or intention to repay the loans over the next 12 months.

13. Called up share capital

	2014 £	2013 £
Called-up, allotted and fully paid:		
1 ordinary share of £1.00	<u>1</u>	<u>1</u>

Ontic Engineering and Manufacturing UK Ltd

Notes to the financial statements (continued)

For the year ended 31 December 2014

14. Reconciliation of movement in shareholders' funds and movements on reserves

	Share capital £	Profit and loss account £	TOTAL £
Balance at 1 January 2014	1	12,393,771	12,393,772
Profit for the year	-	6,178,655	6,178,655
Balance at 31 December 2014	1	18,572,426	18,572,427

15. Pension schemes

The Company operates a stakeholder pension contribution schemes for which the pension cost charge for the year amounted to £215,121 (2013 - £158,381). There is an outstanding contribution of £54,942 as at the balance sheet date (2013 - £29,527).

16. Other financial commitments

Annual commitments under non-cancellable operating leases are as follows:

Land and buildings:	2014 £	2013 £
Expiry date		
- within one year	-	-
- between two and five years	-	-
-after five years	215,000	215,000
	<u>215,000</u>	<u>215,000</u>

17. Derivatives not included at fair value

The company has derivatives, which are not included at fair value in the financial statements. The company has outstanding commitments under forward exchange rate contracts of £13,576,928 (2013: £18,525,521). These contracts had a fair value of £352,069 liability (2013: £940,240 asset).

The company uses the derivatives to hedge its exposure to changes in foreign currency exchange rates. The fair values are based on the market values of the equivalent instruments at the balance sheet date.

18. Parent undertaking and controlling party

The company's immediate parent undertaking is The Guthrie Corporation Limited. The ultimate controlling parent company is BBA Aviation plc.

The parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared is BBA Aviation plc, a company incorporated in the United Kingdom and registered in England and Wales.

Copies of the group financial statements of BBA Aviation plc are available from 3rd Floor, 105 Wigmore Street, London W1U 1QY.

19. Related party transactions

With regards to any transactions with other members of the BBA Aviation plc group, the company has taken advantage of the exemption available in Financial Reporting Standard No. 8 not to disclose such transactions.