

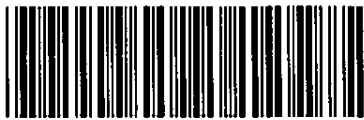
Company number : FC023381
Company number : SF000753

Woodward International, Inc.

**Financial statements
for the year ended 30 September 2015**

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 2015

Contents

Statement of comprehensive income	1
Statement of financial position	2
Notes to the financial statements.....	3 - 12

Woodward International, Inc.

Statement of comprehensive income for the year ended 30 September 2015

		2015	2014
	Note	£	£
Revenue		28,700,415	22,562,606
Cost of sales		(22,999,389)	(16,234,895)
Gross profit		5,701,026	6,327,711
Administrative expenses		(2,112,116)	(2,431,717)
Operating profit		3,588,909	3,895,994
Finance income	11	8,033	8,088
Finance costs	11	-	(5,838)
Net finance income/(costs)	11	8,033	2,250
Profit before income tax		3,596,942	3,898,244
Income tax expense		(579,001)	(953,220)
Total comprehensive income for the year	7	3,017,941	2,945,024

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 2015

Branch no: BR004322

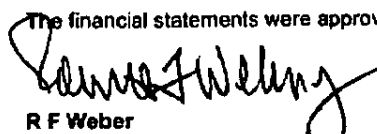
Branch no: BR006182

	Note	2015 £	2014 £
Assets			
Non-current assets			
Property, plant and equipment	2	867,398	703,979
Intangible assets	3	5,508,863	5,543,998
Deferred income tax assets	10	2,966,934	2,343,663
Retirement benefit assets		3,568,878	3,813,896
		12,913,073	12,405,536
Current assets			
Inventories	4	5,151,667	4,430,729
Trade and other receivables	5	5,837,015	3,363,788
Cash and cash equivalents		4,644,263	5,779,358
		15,632,945	13,573,875
Total assets		28,546,018	25,979,411
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	(41,337)	(57,243)
Retained earnings	7	(3,780,527)	(6,798,468)
Total equity		25,880,906	22,847,059
Current liabilities			
Trade and other payables	9	2,428,151	2,680,736
Current income tax liabilities		236,961	471,616
		2,665,112	3,132,352
Total equity and liabilities		28,546,018	25,979,411

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

The financial statements were approved on

by:

 27/10/16
R F Weber
Director

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2015

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, and earnings are translated at weighted-average rates of exchange. Translation adjustments are accumulated with other comprehensive earnings as a separate component of shareholders' 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, 2015 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 2015 (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, 2015 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 2015 (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 2015 (continued)

2 Property, plant and equipment

	Leasehold Improvements £	Vehicles and machinery £	Furniture, fittings and equipment £	Assets in course of construction £	Total £
At 1 October 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
Year ended 30 September 2014					
Opening net book amount	150,932	588,924	24,905	-	764,761
Additions	21,101	177,606	5,097	30,064	233,867
Disposals – Cost	-	(3,000)	(65,698)	-	(68,698)
Disposals - Depreciation	-	3,000	65,698	-	68,698
Depreciation	(29,986)	(226,469)	(12,694)	-	(269,149)
Grant received	-	(60,000)	-	-	(60,000)
Grant release	-	34,500	-	-	34,500
Closing net book amount	142,047	514,560	17,308	30,064	703,979
At 30 September 2014					
Cost	1,025,076	2,255,189	193,284	30,064	3,503,613
Accumulated depreciation	(883,029)	(1,740,629)	(175,976)	-	(2,799,634)
Net book amount	142,047	514,560	17,308	30,064	703,979
Year ended 30 September 2015					
Opening net book amount	142,047	514,560	17,308	30,064	703,979
Additions	20,001	86,371	4,457	296,416	407,245
Depreciation	(35,208)	(227,609)	(7,509)	-	(270,326)
Grant release	-	26,500	-	-	26,500
Closing net book amount	126,840	399,822	14,256	326,480	867,398
At 30 September 2015					
Cost	1,045,077	2,368,060	197,741	326,480	3,937,358
Accumulated depreciation	(918,237)	(1,968,238)	(183,485)	-	(3,069,960)
Net book amount	126,840	399,822	14,256	326,480	867,398

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2015 (continued)

3 Intangible assets

	Goodwill £	Process Technology £	Total £
At 1 October 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
Year ended 30 September 2014			
Opening net book amount	5,484,261	93,874	5,578,135
Amortisation charge	-	(34,137)	(34,137)
Closing net book amount	5,484,261	59,737	5,543,998
At 30 September 2014			
Cost	5,584,646	512,039	6,096,685
Accumulated amortisation and impairment	(100,385)	(452,302)	(552,687)
Net book amount	5,484,261	59,737	5,543,998
Year ended 30 September 2015			
Opening net book amount	5,484,261	59,737	5,543,998
Amortisation charge	-	(34,135)	(34,135)
Closing net book amount	5,484,261	25,602	5,509,863
At 30 September 2015			
Cost	5,584,646	512,039	6,096,685
Accumulated amortisation and impairment	(100,385)	(486,437)	(586,822)
Net book amount	5,484,261	25,602	5,509,863

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2015 (continued)

4 Inventories

	2015	2014
	£	£
Components	3,041,344	2,902,209
Work in process	988,246	949,793
Finished goods	1,122,077	578,727
	5,151,667	4,430,729

5 Trade and other receivables

	2015	2014
	£	£
Trade receivables	4,698,773	2,892,929
Receivables from related parties (note 13)	719,025	220,971
Prepayments and other receivables	419,218	249,888
	5,837,015	3,363,788

6 Share capital

	2015	2014
	£	£
1,000 common stock shares of \$0.01 each	6	6

7 Retained earnings

	£
At 1 October 2013	(9,743,492)
Total comprehensive income for the year	2,945,024
At 30 September 2014	(6,798,468)
At 1 October 2014	(6,798,468)
Total comprehensive income for the year	3,017,941
At 30 September 2015	(3,780,527)

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2015 (continued)

8 Capital contribution and other reserves

	Capital contribution	Other reserves	Total
	£	£	£
At 1 October 2013	29,702,764	(56,756)	29,646,008
Currency translation differences	-	(487)	(487)
At 30 September 2014	29,702,764	(57,243)	29,645,521
At 1 October 2014	29,702,764	(57,243)	29,645,521
Currency translation differences	-	15,906	15,906
At 30 September 2015	29,702,764	(41,337)	29,661,427

9 Trade and other payables

	2015	2014
	£	£
Amounts owed within one year:		
Trade payables	788,413	660,277
Amounts owed to related parties (note 13)	1,140,654	1,524,011
Social security and other taxes	162,734	111,038
Other payables	41,117	28,759
Accrued expenses	297,333	336,651
	2,428,151	2,660,736

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2015 (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.

	2015 £	2014 £
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	2,966,934	2,343,663

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

	2015 £	2014 £
At start of year	2,343,663	2,255,875
Deferred tax charge	623,271	87,788
At 30 September	2,966,934	2,343,663

11 Finance income and costs

	2015 £	2014 £
Finance income:		
Interest receivable from related parties (note 13)	6,761	8,087
Interest income on bank deposits	1,272	1
Finance income	8,033	8,088
Finance costs:		
Interest payable to related parties (note 13)	-	(5,838)
Other interest	-	-
Finance costs	-	(5,838)
Net finance income	8,033	2,250

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2015 (continued)

12 Operating lease commitments

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

	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
No later than 1 year	99,775	109,490	64,034	64,034
Later than 1 year and no later than 5 years	75,000	279,775	34,728	98,762
Greater than 5 years	-	-	-	-
	174,775	389,265	98,762	162,796

13 Related party transactions

(a) Sales of goods and services

	2015	2014
	£	£
Sales of goods and services:		
Parent	2,281,524	1,294,429
Associate	1,254,224	1,230,730
	3,535,748	2,525,159

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

(b) Purchases of goods and services

	2015	2014
	£	£
Purchases of goods and services:		
Parent	18,135,918	14,464,200

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

(c) Finance income

	2015	2014
	£	£
Finance income:		
Other related parties	6,761	8,087

Woodward International, Inc.

Notes to the financial statements for the year ended 30 September 2015 (continued)

13 Related party transactions (continued)

(d) Finance costs

	2015	2014
	£	£
Finance costs:		
Other related parties	-	5,838

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

	2015	2014
	£	£
Payables to related parties		
Parent	1,138,289	1,523,873
Associate	2,265	138
	1,140,554	1,524,011
Receivables from related parties		
Parent	179,827	20,850
Associate	539,198	200,121
	719,025	220,971