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Company number : FC023381  
Company number : SF000753

**Woodward International, Inc.**

**Financial statements  
for the year ended 30 September 2018**

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 2018**

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# Woodward International, Inc.

## Statement of comprehensive income for the year ended 30 September 2018

	Note	2018 £	2017 £
<b>Revenue</b>		<b>48,857,656</b>	43,034,279
Cost of sales		(36,350,181)	(31,998,769)
Gross profit		<b>12,507,475</b>	11,035,510
Administrative expenses		(1,384,910)	(1,537,786)
<b>Operating profit</b>		<b>11,122,565</b>	9,497,724
Finance income	11	<b>7,677</b>	6,013
Finance costs	11	-	-
Net finance income/(costs)	11	<b>7,677</b>	6,013
<b>Profit before income tax</b>		<b>11,130,242</b>	9,503,737
Income tax expense		(2,291,967)	(1,822,764)
<b>Total comprehensive income for the year</b>	<b>7</b>	<b>8,838,275</b>	7,680,973

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 2018

Branch no: BR004322

Branch no: BR006182

	Note	2018 £	2017 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	1,346,172	575,509
Intangible assets	3	5,484,261	5,484,261
Deferred income tax assets	10	3,472,766	3,470,943
Retirement benefit assets		4,953,988	4,129,788
		<b>15,257,187</b>	<b>13,660,501</b>
<b>Current assets</b>			
Inventories	4	7,526,727	6,363,028
Trade and other receivables	5	8,912,201	8,375,616
Cash and cash equivalents		1,453,622	2,055,918
		<b>17,892,850</b>	<b>16,794,562</b>
<b>Total assets</b>		<b>33,150,037</b>	<b>30,455,063</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	6	6	6
Capital contribution	8	7,942,171	7,942,171
Other reserves	8	(1,863)	(9,513)
Retained earnings	7	16,115,218	7,276,943
<b>Total equity</b>		<b>24,055,532</b>	<b>15,209,607</b>
<b>Current liabilities</b>			
Trade and other payables	9	8,138,354	14,192,513
Current income tax liabilities		956,151	1,052,943
		<b>9,094,505</b>	<b>15,245,456</b>
<b>Total equity and liabilities</b>		<b>33,150,037</b>	<b>30,455,063</b>

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

The financial statements were approved on February 3, 2020 by Robert F. Weber, Director.



Signature

# Woodward International, Inc.

## Notes to the financial statements for the year ended 30 September 2018

### 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.

#### **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, 2018 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.

# **Woodward International, Inc.**

## **Notes to the financial statements for the year ended 30 September 2018 (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, 2018 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 2018 (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 2018 (continued)

### 2 Property, plant and equipment

	Leasehold Improvements £	Vehicles and machinery £	Furniture, fittings and equipment £	Assets in course of construction £	Total £
<b>At 1 October 2016</b>					
Cost	1,045,077	2,772,526	197,741	-	4,015,344
Accumulated depreciation	(955,334)	(2,202,123)	(188,732)	-	(3,346,189)
<b>Net book amount</b>	<b>89,743</b>	<b>570,403</b>	<b>9,009</b>	<b>-</b>	<b>669,155</b>
<b>Year ended 30 September 2017</b>					
Opening net book amount	89,743	570,403	9,009	-	669,155
Additions	-	96,128	24,672	-	120,800
Depreciation	(37,097)	(170,278)	(7,071)	-	(214,446)
<b>Closing net book amount</b>	<b>52,646</b>	<b>496,253</b>	<b>26,610</b>	<b>-</b>	<b>575,509</b>
<b>At 30 September 2017</b>					
Cost	1,045,077	2,868,654	222,503	-	4,136,234
Accumulated depreciation	(992,431)	(2,372,401)	(195,893)	-	(3,560,725)
<b>Net book amount</b>	<b>52,646</b>	<b>496,253</b>	<b>26,610</b>	<b>-</b>	<b>575,509</b>
<b>Year ended 30 September 2018</b>					
Opening net book amount	52,646	496,253	26,610	-	575,509
Additions	-	22,556	13,475	872,817	908,848
Depreciation	(37,097)	(90,140)	(10,948)	-	(138,185)
<b>Closing net book amount</b>	<b>15,549</b>	<b>428,669</b>	<b>29,137</b>	<b>872,817</b>	<b>1,346,172</b>
<b>At 30 September 2018</b>					
Cost	1,045,077	2,891,210	235,978	872,817	5,045,081
Accumulated depreciation	(1,029,528)	(2,462,541)	(206,841)	-	(3,698,909)
<b>Net book amount</b>	<b>15,549</b>	<b>428,669</b>	<b>29,137</b>	<b>872,817</b>	<b>1,346,172</b>



# Woodward International, Inc.

## Notes to the financial statements for the year ended 30 September 2018 (continued)

### 3 Intangible assets

	Goodwill £	Process Technology £	Total £
<b>At 1 October 2016</b>			
Cost	5,584,646	512,039	6,096,685
Accumulated amortisation and impairment	(100,385)	(512,039)	(612,424)
<b>Net book amount</b>	<b>5,484,261</b>	<b>-</b>	<b>5,484,261</b>
<b>Year ended 30 September 2017</b>			
Opening net book amount	5,484,261	-	5,484,261
Amortisation charge	-	-	-
<b>Closing net book amount</b>	<b>5,484,261</b>	<b>-</b>	<b>5,484,261</b>
<b>At 30 September 2017</b>			
Cost	5,584,646	512,039	6,096,685
Accumulated amortisation and impairment	(100,385)	(512,039)	(612,424)
<b>Net book amount</b>	<b>5,484,261</b>	<b>-</b>	<b>5,484,261</b>
<b>Year ended 30 September 2018</b>			
Opening net book amount	5,484,261	-	5,484,261
Amortisation charge	-	-	-
<b>Closing net book amount</b>	<b>5,484,261</b>	<b>-</b>	<b>5,484,261</b>
<b>At 30 September 2018</b>			
Cost	5,584,646	512,039	6,096,685
Accumulated amortisation and impairment	(100,385)	(512,039)	(612,424)
<b>Net book amount</b>	<b>5,484,261</b>	<b>-</b>	<b>5,484,261</b>

# Woodward International, Inc.

## Notes to the financial statements for the year ended 30 September 2018 (continued)

### 4 Inventories

	2018	2017
	£	£
Components	3,997,772	3,963,406
Work in process	2,985,419	2,144,299
Finished goods	543,536	255,323
	<b>7,526,727</b>	<b>6,363,028</b>

### 5 Trade and other receivables

	2018	2017
	£	£
Trade receivables	6,285,098	6,037,875
Receivables from related parties (note 13)	1,286,460	742,002
Prepayments and other receivables	1,340,642	1,595,739
	<b>8,912,201</b>	<b>8,375,616</b>

### 6 Share capital

	2018	2017
	£	£
1,000 common stock shares of \$0.01 each	6	6

### 7 Retained earnings

	£
At 1 October 2016	(404,030)
Total comprehensive income for the year	7,680,973
<b>At 30 September 2017</b>	<b>7,276,943</b>
At 1 October 2017	7,276,943
Total comprehensive income for the year	8,838,275
<b>At 30 September 2018</b>	<b>16,115,218</b>

# Woodward International, Inc.

## Notes to the financial statements for the year ended 30 September 2018 (continued)

### 8 Capital contribution and other reserves

	Capital contribution	Other reserves	Total
	£	£	£
At 1 October 2016	25,983,326	(402)	25,982,924
Transfer to Parent Company	(18,041,155)	-	(18,041,155)
Currency translation differences	-	(9,111)	(9,111)
<b>At 30 September 2017</b>	<b>7,942,171</b>	<b>(9,513)</b>	<b>7,932,658</b>
At 1 October 2017	7,942,171	(9,513)	7,932,658
Currency translation differences	-	7,650	7,650
<b>At 30 September 2018</b>	<b>7,942,171</b>	<b>(1,863)</b>	<b>7,940,308</b>

### 9 Trade and other payables

	2018	2017
	£	£
<b>Amounts owed within one year:</b>		
Trade payables	1,562,040	1,648,580
Amounts owed to related parties (note 13)	6,205,324	12,144,176
Social security and other taxes	153,386	81,325
Other payables	-	32,465
Accrued expenses	217,604	285,967
	<b>8,138,354</b>	<b>14,192,513</b>

# Woodward International, Inc.

## Notes to the financial statements for the year ended 30 September 2018 (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.

	2018 £	2017 £
<b>Deferred tax assets</b>		
Deferred tax asset to be recovered after more than 12 months	3,472,766	3,470,943

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

	2018 £	2017 £
At start of year	3,470,943	5,066,929
Deferred tax charge	1,823	(1,595,986)
At 30 September	3,472,766	3,470,943

### 11 Finance income and costs

	2018 £	2017 £
Finance income:		
Interest receivable from related parties (note 13)	-	-
Interest income on bank deposits	7,686	6,013
Other Interest	(9)	-
<b>Finance income</b>	<b>7,677</b>	<b>6,013</b>

# Woodward International, Inc.

## Notes to the financial statements for the year ended 30 September 2018 (continued)

### 12 Operating lease commitments

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

	Land and buildings		Other	
	2018	2017	2018	2017
	£	£	£	£
No later than 1 year	10,073	77,753	22,131	38,165
Later than 1 year and no later than 5 years	-	-	7,293	18,913
Greater than 5 years	-	-	-	-
	10,073	77,753	29,424	57,078

### 13 Related party transactions

#### (a) Sales of goods and services

	2018	2017
	£	£
<b>Sales of goods and services:</b>		
Parent	9,780,829	10,707,385
Associate	846,944	1,142,951
Other related parties	3,009,886	3,491,028
	13,637,659	15,341,364

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

#### (b) Purchases of goods and services

	2018	2017
	£	£
<b>Purchases of goods and services:</b>		
Parent	34,936,160	24,432,831
Associate	1,354	-
	34,937,514	24,432,831

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

# Woodward International, Inc.

## Notes to the financial statements for the year ended 30 September 2018 (continued)

### 13 Related party transactions (continued)

(c) Finance income

	2018	2017
	£	£
<b>Finance income:</b>		
Other related parties	-	-

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

	2018	2017
	£	£
<b>Payables to related parties</b>		
Parent	5,927,380	11,943,251
Associate	1,341	-
Other related parties	276,604	200,925
	<b>6,205,325</b>	<b>12,144,176</b>
<b>Receivables from related parties</b>		
Parent	282,143	274,940
Associate	756,546	533,179
Other related parties	247,772	208,824
	<b>1,286,461</b>	<b>1,016,943</b>