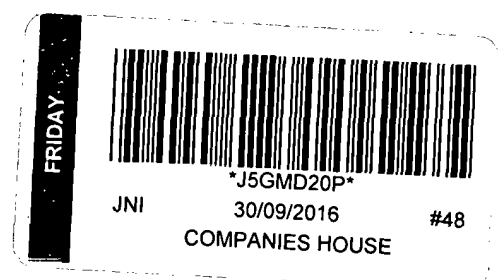
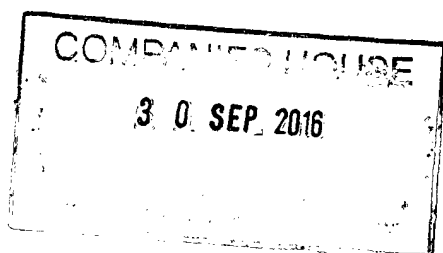


Magellan Aerospace (Greyabbey) Limited

Report and Financial Statements

31 December 2015

Registered No. NI067279



Magellan Aerospace (Greyabbey) Limited

Registered No: NI067279

Directors

P C Underwood

S D Smith

H Martin

J S Addis

E M Milantoni (appointed 1 January 2016)

Secretary

S D Smith

Auditors

Ernst & Young LLP

Bedford House

16 Bedford Street

Belfast, BT2 7DT

Bankers

HSBC Bank plc.

26 Broad Street

Reading

Berkshire

RG1 2BU

Registered Office

11 Tullykevin Road

Greyabbey

Northern Ireland

BT22 2QE

Magellan Aerospace (Greyabbey) Limited

Registered No: NI067279

Strategic report

Results

The profit for the year after taxation amounted to £926,000 (year ended 31 December 2014: £567,000).

Business review and principal activities

The company's principal activity is the manufacture and sale of aerostructures and metallic components to the aerospace industry, principally in the UK and Europe. There have not been any significant changes in the company's principal activities in the period under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Turnover for the year ended 31 December 2015 was £15,107,000 which is a decrease when compared with the annualised turnover for the previous period £15,848,000 for the year ended 31 December 2014. This was a result of both a decrease in the aircraft build rates which negatively affected current work programmes and reduced work from current customers.

As the company is a wholly owned subsidiary of a publicly quoted corporation, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the company and the group is discussed in the parent company's Annual Report which does not form part of this report.

Principal risks and uncertainties

Although it appears that the aerospace sector has not been affected as much as other industries by the continuing global economic uncertainty, the directors continue to take a cautious view and believe that there is a risk to the business should this uncertainty prevail for the longterm. The company therefore continues to look for productivity improvements and additional work from both the current customer base and new customers across the aerospace sector.

The company also manages this risk and the competitive risk by working with customers to source the most cost effective means of production and thus reducing costs. An important element in this is investment in new machinery and machining processes. This approach has aided the development of strong relationships with customers.

The company does have an exposure to exchange risk as some of its customer contracts are in US Dollars. This risk is partially offset as a significant proportion of raw material purchases are also in US Dollars. In addition the company utilises the treasury function of the parent company to manage currency requirements.

Future development

The company continues to seek to improve and develop its position in the aerospace sector. This is being achieved by maximising opportunities with current customers and developing new opportunities with new customers. The company intends to continue this approach in order to increase the customer base.

The company continues to commit to significant capital expenditure in plant and machinery in order to improve the efficiency and cost effectiveness of the organisation. This will need to continue as the company's revenue increases, and new programmes come online.

The directors remain confident that the UK parent company, Magellan Aerospace (UK) Limited, will provide any support that may be required to assist the company.

On behalf of the Board



SD Smith

Director

Date 30 September 2016

Directors' report

The directors present their report and financial statements for the year ended 31 December 2015.

The financial statements have been prepared under the historical cost convention, and in accordance with FRS 102 for the first time for the year ended 31 December 2015 including the 2014 comparatives. There have been no material changes as a result of the application of FRS 102. Application of FRS 102 has only resulted in presentational adjustments.

During the year, the Company transitioned from previously extant UK GAAP to FRS 102 and has taken advantage of disclosure exemptions allowed under this standard. The Company's ultimate parent undertaking was notified of and did not object to the use of EU-adopted IFRS disclosure exemptions.

Dividends

No dividends were proposed or paid during the year. The directors do not propose a final dividend for the year ended 31 December 2015.

Directors

The directors of the company at 31 December 2015 and who served during the year were as follows:

J B Dekker (resigned 1 January 2016)
S D Smith
P C Underwood
H Martin
J S Addis

E M Milantoni was appointed a director of the company on 1 January 2016.

Research and development

The company engages in research and development activity by way of involvement on new aircraft programmes and the development of faster more efficient manufacturing processes that reduce waste during production and improve the efficiency of the components manufactured by the company for existing aircraft programmes. The company's research & development efforts are strengthened with ongoing process optimisation improvement measures to enable it to progress at a faster pace.

Going concern and liquidity

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business review and Principal risks and uncertainties sections on page 2.

The company has access to financial resources sufficient for expected levels of ongoing operational and capital expenditure, in addition to long term agreements with key major customers. The directors also consider that the aerospace industry has a secure future despite the economic downturn. Consequently, the directors believe that the company is well placed to manage its business risks.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In addition, the directors have received a letter of support from the company's parent undertaking, Magellan Aerospace (UK) Limited. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' report (continued)

Directors Indemnity

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought forward by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Political and charitable contributions

During the period the company made no political or charitable donations.

Suppliers' payment policy

It is company policy in respect of its suppliers to develop long-term relationships with them, which includes making payments consistent with business cycles and established practices agreed with suppliers and ensuring that they are aware of the terms of payments.

The average number of days purchases included within trade creditors at 31 December 2015 was 63.5 days (31 December 2014: 57 days).

Environment

Magellan Aerospace Corporation, the ultimate parent company, recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the corporation's activities. The company operates in accordance with Magellan Aerospace Corporation policies, which are described in the parent company's Annual Report which does not form part of this Report. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption. The company is working to achieve ISO 14001 accreditation.

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

Disclosure of information to the auditors


So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he or she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report (continued)

Auditors

In accordance with s.485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as the company's auditors will be put forward to the members at the forthcoming Annual General Meeting.

On behalf of the Board



SD Smith

Director

Date 30 September 2016

Directors' responsibility statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable laws 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 including FRS 102 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; 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 proper 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 auditors' report

to the members of Magellan Aerospace (Greyabbey) Limited

We have audited the financial statements of Magellan Aerospace (UK) Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 21. 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), including Financial Reporting Standard 102 applicable to the UK and Republic of Ireland.

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 set out on page 6, 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. In addition, we read all the financial and non-financial information in the Report and Financial Statements 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.

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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 applicable to the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report (continued)

to the members of Magellan Aerospace (Greyabbey) Limited

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.

Ernst & Young LLP

Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date *30 September 2016*

Profit and loss account

for the year ended 31 December 2015

		<i>Year to 31 December 2015</i>	<i>Year to 31 December 2014</i>
	<i>Note</i>	<i>£000</i>	<i>£000</i>
Turnover	2	15,107	15,848
Cost of sales		(11,469)	(12,533)
Gross profit		<u>3,638</u>	<u>3,315</u>
Administrative expenses		(2,225)	(2,276)
Operating profit	3	<u>1,413</u>	<u>1,039</u>
Profit/(loss) on disposal of fixed assets		47	9
Profit on ordinary activities before interest & taxation		<u>1,460</u>	<u>1,048</u>
Interest payable and similar charges	6	(213)	(185)
Interest receivable and similar income	7	33	7
Profit on ordinary activities before taxation		<u>1,280</u>	<u>870</u>
Tax on profit on ordinary activities	8	(354)	(303)
Profit for the financial year		<u><u>926</u></u>	<u><u>567</u></u>

All amounts relate to continuing operations.

Statement of comprehensive income

for the year ended 31 December 2015

There are no recognised gains and losses other than the profit attributable to shareholders of the company of £926,000 in the year ended 31 December 2015 and profit of £567,000 in the year ended 31 December 2014.

Magellan Aerospace (Greyabbey) Limited

Registered No: NI067279

Balance Sheet

at 31 December 2015

		31 December 2015	31 December 2014
	Notes	£000	£000
Fixed assets			
Intangible fixed assets	9	892	965
Tangible fixed assets	10	7,184	5,629
Investments	11	876	876
		<u>8,952</u>	<u>7,470</u>
Current assets			
Stocks	12	936	888
Debtors	13	6,535	4,778
Cash and short-term deposits		-	332
		<u>7,471</u>	<u>5,998</u>
Creditors: amounts falling due within one year	14	(10,913)	(9,431)
Net current liabilities		<u>(3,442)</u>	<u>(3,433)</u>
Total assets less current liabilities		<u>5,510</u>	<u>4,037</u>
Accruals and deferred income	15	(806)	(369)
Provisions for liabilities and charges	16	(279)	(169)
Net assets		<u>4,425</u>	<u>3,499</u>
Capital and reserves			
Called up share capital	17	1,067	1,067
Profit and loss account		3,358	2,432
Equity shareholders' funds		<u>4,425</u>	<u>3,499</u>

The financial statements of Magellan Aerospace (Greyabbey) Limited were approved and authorised for issue by the Board of Directors on 30 September 2016 and signed on its behalf by:



SD Smith

Director

Date 30 September 2016

Statement of Changes in Equity

at 31 December 2015

	<i>Called-up share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 January 2014	<u>1,067</u>	<u>1,865</u>	<u>2,932</u>
Profit for the financial year and total comprehensive income for the year	-	567	567
At 31 December 2014	<u>1,067</u>	<u>2,432</u>	<u>3,499</u>
Profit for the financial year and total comprehensive income for the year	-	926	926
At 31 December 2015	<u>1,067</u>	<u>3,358</u>	<u>4,425</u>

Notes to the financial statements

at 31 December 2015

1. Accounting policies

Basis of preparation

Magellan Aerospace (Greyabbey) Limited is a limited liability company incorporated in Northern Ireland. The registered office is 11 Tullykevin Road, Greyabbey, Northern Ireland BT22 2QE.

The financial statements have been prepared under the historical cost convention, and in accordance with FRS 102 for the first time for the year ended 31 December 2015 including the 2014 comparatives. There have been no material changes as a result of the application of FRS 102. Application of FRS 102 has only resulted in minor presentational adjustments.

Magellan Aerospace (Greyabbey) Limited has adopted the following disclosure exemptions:

- the requirement to prepare a cash flow statement and related notes
- the requirement to disclose related party transactions
- the requirement to disclose financial instrument disclosures
- the requirement to disclose remuneration of key personnel

The above exemptions have been applied on the grounds that the company's information is included in the consolidated financial statements of its ultimate parent company, Magellan Aerospace Corporation, which are publicly available.

Going Concern

The company has access to financial resources sufficient for expected levels of ongoing operational and capital expenditure, in addition to long term agreements with key major customers. The directors also consider that the aerospace industry has a secure future despite the continuing global economic uncertainty. Consequently, the directors believe that the company is well placed to manage its business risks.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In addition, the directors have received a letter of support from the company's parent undertaking, Magellan Aerospace (UK) Limited. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Goodwill

Goodwill arising on the acquisition of businesses, representing the surplus of the fair value of the identifiable assets and liabilities acquired over the fair value of consideration, is released to the profit and loss account in accordance with the provisions contained in FRS 102. Goodwill is amortised over a period of 20 years, being the directors' assessment of the expected useful life of the assets whose acquisition led to the goodwill.

Depreciation and tangible fixed assets

Tangible fixed assets are stated at cost and are depreciated to their residual values on a straight-line basis over their estimated useful lives at the following rates:

Freehold land	–	nil
Freehold buildings	–	2.5%
Plant and machinery	–	5.0%
Computer equipment	–	20%
Fixtures & Fittings	–	5.0%
Motor vehicles	–	33%

During the period, the company's depreciation rates were reviewed by the directors and updated to reflect their estimate of the expected useful lives of the assets owned by the company. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals under operating leases are charged to the profit and loss account on a straight line basis. All lease incentives are recognised over the lease term on a straight line basis.

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost comprises the cost of raw materials and an appropriate proportion of labour and overheads. Provision is made for obsolete and slow moving items.

Research and development

Research and development expenditure is expensed as incurred.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the period end. Exchange differences arising from the re-translation of foreign currency denominated assets and liabilities together with other exchange differences arising in the period are included in the profit and loss account.

Turnover

Turnover represents the invoiced value of goods and services supplied by the company, to third parties, excluding value added tax and is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer.

Government grants

Grants received in respect of capital equipment purchases are credited to a deferred income account and released to the profit and loss account over the useful life of the asset.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exceptions:

- Provision is made for tax on gains arising from the revaluation of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Cashflow

In accordance with Financial Reporting Standard 102, the company is exempt from the requirement to prepare a cashflow statement on the grounds that the company's cash flows are included in the consolidated financial statements of its ultimate parent company, Magellan Aerospace Corporation, which are publicly available.

Investments

The investment in subsidiaries is carried at the costs of acquisition. The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be fully recoverable.

Consolidated financial statements

Consolidated financial statements have not been prepared, in accordance with S401 of the Companies Act 2006, as the company is itself ultimately a wholly-owned subsidiary of Magellan Aerospace Corporation, a company incorporated in Canada, which prepares consolidated financial statements.

The financial statements present information about the company as an individual undertaking and not about its group.

Judgements and Estimates

The current tax rates have been used as the basis of any estimate. The directors have judged that there will be no change to the amortisation policy and that the standard used to value stock reflects the level of actual cost.

Notes to the financial statements

at 31 December 2015

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and arises from goods produced in the United Kingdom.

The company operates in one business sector, the design, manufacture and sale of aerostructures and metallic components.

An analysis of turnover by geographical destination is as follows:

	<i>Year to 31 December 2015 £000</i>	<i>Year to 31 December 2014 £000</i>
United Kingdom	12,824	13,791
Rest of Europe	613	645
Rest of the world	1,670	1,412
	<u>15,107</u>	<u>15,848</u>

3. Operating profit

Operating profit is stated after charging/(crediting):

	<i>Year to 31 December 2015 £000</i>	<i>Year to 31 December 2014 £000</i>
Staff costs (see note 5)	3,354	3,228
Amortisation of goodwill	73	73
Release of deferred income relating to government capital grants	(46)	(29)
Depreciation of		
- Owned fixed assets	540	359
- Assets held under finance lease and hire purchase agreements	25	25
Research and development	790	774
Audit of the financial statements	21	24
Other fees to auditors – taxation services	7	7
Management charge from parent company/(to subsidiary companies)	428	415
Foreign exchange	14	(29)
	<u></u>	<u></u>

Included in the management charges are amounts relating to the directors of the company.

4. Directors' emoluments

The directors received no emoluments during the year ended 31 December 2015 (Year to 31 December 2014: £nil).

Notes to the financial statements

at 31 December 2015

5. Staff costs

	<i>Year to 31 December 2015</i>	<i>Year to 31 December 2014</i>
	<i>£000</i>	<i>£000</i>
Wages and salaries	3,012	2,934
Social security costs	277	239
Other pension costs (note 20)	65	55
	<u>3,354</u>	<u>3,228</u>

The average monthly number of employees during the period was as follows:

	<i>Year to 31 December 2015</i>	<i>Year to 31 December 2014</i>
	<i>No.</i>	<i>No.</i>
Administration	30	25
Production	89	82
	<u>119</u>	<u>107</u>

6. Interest payable and similar charges

	<i>Year to 31 December 2015</i>	<i>Year to 31 December 2014</i>
	<i>£000</i>	<i>£000</i>
Interest payable to group undertakings	213	170
Finance charges payable on hire purchase and finance lease agreements	-	15
	<u>213</u>	<u>185</u>

7. Interest receivable and similar income

	<i>Year to 31 December 2015</i>	<i>Year to 31 December 2014</i>
	<i>£000</i>	<i>£000</i>
Interest receivable from subsidiary undertaking	33	7

Notes to the financial statements

at 31 December 2015

8. Tax on profit on ordinary activities

(a) Analysis of tax charge

	Year to 31 December 2015 £000	Year to 31 December 2014 £000
UK corporation tax:		
Current tax on profits for the period	235	172
Adjustment in respect of prior periods	9	62
Total current tax (note 8(b))	244	234
Deferred tax:		
Origination and reversal of timing differences	63	51
Adjustment in respect of prior periods	71	18
Changes in tax laws & rates	(24)	-
Total deferred tax	110	69
Tax on profit on ordinary activities	354	303

(b) Factors affecting the total tax charge for the year

The current tax assessed for the period is lower than that derived from the standard rate of Corporation Tax in the UK of 20.25% (Year ended 31 December 2014: 21.5%). The differences are explained below:

	Year to 31 December 2015 £000	Year to 31 December 2014 £000
Profit on ordinary activities before tax	1,281	870
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 20.25% (Year ended 31 December 2014: 21.5%)	259	187
Expenses not deductible for tax purposes	47	40
Effective rate changes	(31)	(4)
Adjustment in respect of prior periods	79	80
Total current tax (note 8(a))	354	303

Notes to the financial statements

at 31 December 2015

8. Tax on profit on ordinary activities (continued)

(c) Factors that may affect future tax charges

Announcements have been made by the Chancellor of the Exchequer of proposed changes to corporation tax rates that will have an effect on the future tax charge of the company. Reductions in the corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2019 have been announced and substantively enacted at the balance sheet date. The deferred tax asset has therefore been calculated at the substantively enacted rate of 18%

In March 2016 the Chancellor announced that the corporation tax rate would reduce to 17% from 1 April 2020. These changes have not been substantively enacted and therefore are not reflected within the deferred tax calculation.

(d) Recognised deferred tax liability

The recognised deferred tax liability is made up as follows -

	<i>Recognised 31 December 2015 £000</i>	<i>Recognised 31 December 2014 £000</i>
Accelerated capital allowances	281	169
Other timing differences	(2)	-
At 31 December	<u>279</u>	<u>169</u>
		£000
At 1 January 2015		169
Profit and loss account charge		110
At 31 December 2015		<u>279</u>

Notes to the financial statements

at 31 December 2015

9. Intangible assets

	<i>Goodwill</i> <i>£000</i>
Cost:	
At 1 January 2015 and at 31 December 2015	1,456
Amortisation:	
At 1 January 2015	491
Charge for the period	73
At 31 December 2015	564
Net book value:	
At 31 December 2015	892
At 31 December 2014	965

Notes to the financial statements

at 31 December 2015

10. Tangible fixed assets

	<i>Land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>Computer equipment £000</i>	<i>Fixtures and fittings £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost:						
At 1 January 2015	1,691	10,195	243	186	20	12,335
Additions	394	1,769	-	10	-	2,173
Disposals	-	(279)	-	-	-	(279)
At 31 December 2015	2,085	11,685	243	196	20	14,229
Depreciation:						
At 1 January 2015	230	6,228	110	119	19	6,706
Charge for the period	41	460	34	4	1	540
Disposals	-	(201)	-	-	-	(201)
At 31 December 2015	271	6,487	144	123	20	7,045
Net book value:						
At 31 December 2015	1,814	5,198	99	73	-	7,184
At 31 December 2014	1,461	3,967	133	67	1	5,629

<i>31 December</i>	<i>31 December</i>
<i>2015</i>	<i>2014</i>
<i>£000</i>	<i>£000</i>

Net book value of tangible fixed assets includes the following in respect of assets held under hire purchase

379

Notes to the financial statements

at 31 December 2015

11. Investments

	<i>2015</i>
	<i>£000</i>
Cost:	
At 1 January 2015 and 31 December 2015	<u>876</u>

Details of the company's principal subsidiary undertakings as at 31 December 2015 were as follows:

Name of Company	Country of registration, incorporation and operation	Holding	Proportion held	Nature of business
Magellan Aerospace (Blackpool) Limited	UK	Ordinary Shares	100%	Precision Engineering
Magellan Aerospace Polska sp. z.o.o.	Poland	Ordinary Shares	100%	Surface Treatments

12. Stocks

	<i>31 December 2015</i>	<i>31 December 2014</i>
	<i>£000</i>	<i>£000</i>
Raw materials and consumables	357	194
Work in progress	467	651
Finished goods	112	43
	<u>936</u>	<u>888</u>

Notes to the financial statements

at 31 December 2015

13. Debtors

	31 December 2015	31 December 2014
	£000	£000
Trade debtors	1,129	1,621
Amounts owed by fellow group undertakings	4,716	2,076
Corporation tax	164	95
Prepayments and accrued income	-	496
Other debtors	526	490
	<u>6,535</u>	<u>4,778</u>

14. Creditors: amounts falling due within one year

	31 December 2015	31 December 2014
	£000	£000
Bank overdraft	188	-
Trade creditors	1,546	1,186
Amounts owed to fellow group undertakings	8,311	6,961
Corporation tax payable	71	-
Other taxes and social security	227	397
Accruals and deferred income	570	887
	<u>10,913</u>	<u>9,431</u>

The amount owed to fellow group undertakings as at 31 December 2015 includes a loan of £8,105,000 due to Magellan Aerospace (UK) Limited (31 December 2014: £7,162,000). This loan bears interest at a current variable rate and has no fixed repayment date. The directors have deemed the loans to be repayable within one year.

Notes to the financial statements

at 31 December 2015

15. Deferred income

	£000
At 1 January 2015	369
Capital grants received in the financial year	483
Credited to profit and loss account	(46)
At 31 December 2015	<u>806</u>

The amounts included in deferred income relate to government capital grants.

16. Provisions for liabilities and charges

	Deferred tax £000
At 1 January 2015	169
Charged to profit and loss account	110
At 31 December 2015	<u>279</u>

Deferred tax comprises:

	31 December 2015 £000	31 December 2014 £000
Origination and reversal of timing differences	<u>279</u>	<u>169</u>

Notes to the financial statements

at 31 December 2015

17. Share capital

	31 December		31 December	
	2015	2015	2014	2014
	No.	£000	No.	£000
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £1 each	1,066,772	1,067	1,066,772	1,067

18. Other financial commitments

At 31 December 2015 and 31 December 2014 the company had no commitments under non-cancellable operating leases.

As at 31 December 2015 the company had capital commitments totalling £180,000 (31 December 2014 £256,000)

19. Contingent liabilities

Capital grants received from Invest Northern Ireland are repayable in certain circumstances. The directors do not anticipate any repayment falling due under the terms on which the grants were received.

20. Pension arrangements

During the period the company operated a defined contribution pension scheme, the assets of which are held in an independently administered fund. Contributions are charged to the profit and loss account as and when incurred. As at 31 December 2015, total contributions outstanding were £11,613 (31 December 2014: £9,621). The total contributions charged to the profit and loss account in the year were £64,863 (31 December 2014: £54,900).

21. Ultimate parent undertaking and controlling party

The company's ultimate parent undertaking and controlling party is Magellan Aerospace Corporation, a company incorporated in Canada whose financial statements are publicly available and may be obtained from the company at 3160 Derry Road East, Mississauga, Ontario, Canada, L4T 1A9. The group financial statements include the results of the company.