Magellan Aerospace (Greyabbey) Limited
(formerly John Huddleston Engineering Limited)

Report and Financial Statements

31 December 2012

Registered No. NI067279

Directors

J B Dekker (appointed 31 August 2012)
P C Underwood (appointed 31 August 2012)
S D Smith (appointed 31 August 2012)
H Martin (appointed 26 July 2013)

Secretary

S D Smith (appointed 31 August 2012)

Auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast, BT2 7DT

Bankers

Bank of Ireland
12 Conway Square
Newtownards
BT23 4DJ

Registered Office

11 Tullykevin Road
Greyabbey
Northern Ireland
BT22 2QE

Directors' report

The directors present their report and financial statements for the nine-month period ended 31 December 2012.

Results and dividends

The profit for the period after taxation amounted to £418,000 (year ended 31 March 2012: £802,000). No dividends were proposed or paid during the period. The directors do not propose a final dividend for the period ended 31 December 2012.

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 nine month period ended 31 December 2012 was £8,041,000 whichwhen annualised, is an increase from the turnover of £9,553,000 for the 12 months ended 31 March 2012. This was a result of both an increase in the aircraft build rates which positively affected current work programmes and additional work from current customers.

On 31 August 2012, the company acquired 100% of the share capital of King & Fowler Polska Sp. Z.o.o., a company based in Mielec, Poland, from its direct subsidiary King and Fowler UK Limited. The company's shares in King and Fowler UK Limited were also disposed of.

Also on 31 August 2012 the company was acquired by Hewgilp 2 Limited, which in turn was acquired by Magellan Aerospace (UK) Limited, a subsidiary of Magellan Aerospace Corporation.

On 31 December 2012, the company changed its name to Magellan Aerospace (Greyabbey) Limited.

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 global economic downturn, the directors continue to take a cautious view and believe that there is a risk to the business should the global downturn deepen. 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.

Directors' report (continued)

Principal risks and uncertainties (continued)

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.

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 pages 2 and 3 respectively.

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

The directors of the company who served during the period were as follows:

J B Dekker (appointed 31 August 2012)
S D Smith (appointed 31 August 2012)
P C Underwood (appointed 31 August 2012)
R M Huddleston (resigned 31 August 2012)
J L Huddleston (resigned 31 August 2012)

On 26 July 2013 Mr Haydn Martin was elected to the Board of Directors. His appointment is seen as an important step in strengthening the company's position for future growth and direction.

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.

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.

Directors' report (continued)

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.

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 2012 was 46 days (31 March 2012: 71 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 is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report (continued)

Auditors

Following the acquisition of the company during the period PricewaterhouseCoopers LLP resigned as auditors of the company and Ernst & Young LLP were appointed as auditors by the directors of the company.

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

S.D. Smith

S.Smith

Director

Date 24 September 2013

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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 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 (Greyabbey) Limited for the nine month ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 25. 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 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 Directors' 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 2012 and of its profit for the nine month period 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report (continued)

to the members of Magellan Aerospace (Greyabbey) Limited

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

David Galbraith (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Belfast

30 September 2013

Profit and loss account

for the period ended 31 December 2012

	Note	*9 months to 31 December 2012* £000	*Year to 31 March 2012* £000
Turnover	2	8,041	9,553
Cost of sales		(6,281)	(7,978)
Gross profit		1,760	1,575
Administrative expenses		(1,044)	(714)
Operating profit	3	716	861
Loss on disposal of fixed assets		(18)	(9)
Profit on ordinary activities before interest & taxation		698	852
Interest payable and similar charges	6	(168)	(197)
Interest receivable and similar income	7	-	1
Profit on ordinary activities before taxation		530	656
Tax on profit on ordinary activities	8	(112)	146
Profit for the financial period	19	418	802

All amounts relate to continuing operations.

Statement of total recognised gains and losses

for the period ended 31 December 2012

There are no recognised gains and losses other than the profit attributable to shareholders of the company of £418,000 in the nine months ended 31 December 2012 and profit of £802,000 in the year ended 31 March 2012.

Registered No: NI067279

Balance sheet

at 31 December 2012

	Notes	31 December 2012 £000	31 March 2012 £000
Fixed assets			
Intangible fixed assets	9	1,110	1,165
Tangible fixed assets	10	4,874	5,615
Investments	11	876	1,067
		6,860	7,847
Current assets			
Stocks	12	364	506
Debtors	13	4,115	3,247
Cash and short-term deposits		382	601
		4,861	4,354
Creditors: amounts falling due within one year	14	(8,961)	(3,235)
Net current (liabilities)/assets		(4,100)	1,119
Total assets less current liabilities		2,760	8,966
Creditors: amounts falling due after more than one year	15	(137)	(6,693)
Accruals and deferred income	16	(194)	(220)
Provisions for liabilities and charges	17	(83)	(125)
Net assets		2,346	1,928
Capital and reserves			
Called up share capital	18	1,067	1,067
Profit and loss account	19	1,279	861
Equity shareholders' funds	20	2,346	1,928

The financial statements of Magellan Aerospace (Greyabbey) Limited were approved and authorised for issue by the Board of Directors on 24 September 2013 and signed on its behalf by:

S.D Smith

S.Smith

Director

Date 24 September 2013

Notes to the financial statements

at 31 December 2012

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with all applicable UK accounting standards.

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.

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 10. 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 value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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.

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.

Notes to the financial statements

at 31 December 2012

1. Accounting policies (continued)

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.

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.

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 1 (revised), 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.

Notes to the financial statements

at 31 December 2012

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:

	9 months to 31 December 2012 £000	*Year to 31 March 2012 £000*
United Kingdom	7,000	7,925
Rest of Europe	1,011	1,538
Americas	30	90
	8,041	9,553

3. Operating profit

Operating profit is stated after charging/(crediting):

	9 months to 31 December 2012 £000	*Year to 31 March 2012 £000*
Staff costs (see note 5)	1,471	1,798
Amortisation of goodwill	55	73
Release of deferred income relating to government capital grants	(26)	(143)
Depreciation of		
- Owned fixed assets	185	394
- Assets held under finance lease and hire purchase agreements	533	1,139
Loss on disposal of tangible assets	18	9
Loss on disposal of investments	191	-
Operating lease charges – property	3	3
Research and development	300	513
Audit of the financial statements	27	35
Other fees to auditors – taxation services	7	7
Management charge to subsidiary companies	(55)	(420)

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

4. Directors' emoluments

The directors received no emoluments during the 9 months to 31 December 2012 (year ended 31 March 2012: £Nil).

Notes to the financial statements

at 31 December 2012

5. Staff costs

	9 months to 31 December 2012 £000	*Year to 31 March 2012 £000*
Wages and salaries	1,330	1,628
Social security costs	122	149
Other pension costs (note 24)	19	21
	1,471	1,798

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

	9 months to 31 December 2012 No.	*Year to 31 March 2012 No.*
Administration	18	18
Production	59	59
	77	77

6. Interest payable and similar charges

	9 months to 31 December 2012 £000	*Year to 31 March 2012 £000*
Interest payable to group undertakings	69	-
Finance charges payable on hire purchase and finance lease agreements	99	197
	168	197

7. Interest receivable and similar income

	9 months to 31 December 2012 £000	*Year to 31 March 2012 £000*
Bank interest receivable	-	1

Notes to the financial statements

at 31 December 2012

8. Tax on profit on ordinary activities

(a) Analysis of tax charge/(credit)

	9 months to 31 December 2012 £000	*Year to 31 March 2012 £000*
UK corporation tax:		
Current tax on profits for the period	154	-
Adjustment in respect of prior periods	-	-
Total current tax (note 8(b))	154	-
Deferred tax:		
Origination and reversal of timing differences	(37)	(125)
Changes in tax laws & rates	(5)	(21)
Total deferred tax	(42)	(146)
Tax on profit on ordinary activities	112	(146)

(b) Factors affecting the current tax charge for the period

The current tax assessed for the period is lower than that derived from the standard rate of Corporation Tax in the UK of 24% (year ended 31 March 2012: 26%). The differences are explained below:

	9 months to 31 December 2012 £000	*Year to 31 March 2012 £000*
Profit on ordinary activities before tax	530	656
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 24% (year ended 31 March 2012: 26%)	127	170
Expenses not deductible for tax purposes	115	140
Research and development claim	(22)	(132)
Depreciation in excess of capital allowances	37	125
Changes in tax laws & rates	-	10
Group relief claimed at nil cost	(103)	(313)
Total current tax (note 8(a))	154	-

Notes to the financial statements

at 31 December 2012

8. Tax on profit on ordinary activities (continued)

(c) Factors that may affect future tax charges

Announcements were made during and after the period end by the Chancellor of the Exchequer of proposed changes to corporation tax rates that will have an effect on future tax charges of the company. The change in the corporation tax rate from 24% to 23% with effect from 1 April 2013 was substantively enacted in July 2012 and this reduction is reflected in the calculation of the deferred tax balances as at 31 December 2012.

Further reductions to 21% from 1 April 2014 and thereafter to 20% from 1 April 2015 have been announced but were not substantively enacted at the balance sheet date.

The company has not quantified the impact of the remaining annual corporation tax rate reductions on the deferred tax balance at this stage as it is estimated that the impact would not be material to the financial statements.

(d) Recognised deferred tax liability

The recognised deferred tax liability is made up as follows -

	Recognised 31 December 2012	*Recognised 31 March* 2012
	£000	*£000*
Accelerated capital allowances	83	125
At 31 December 2012	83	125

	£000
At 1 April 2012	125
Profit and loss account credit	(42)
At 31 December 2012	83

Notes to the financial statements

at 31 December 2012

9. Intangible assets

	Goodwill
	£000
Cost:	
At 1 April 2012 and at 31 December 2012	1,456
Amortisation:	
At 1 April 2012	291
Charge for the period	55
At 31 December 2012	346
Net book value:	
At 31 December 2012	1,110
At 1 April 2012	1,165

Notes to the financial statements

at 31 December 2012

10. Tangible fixed assets

	Land and buildings	*Plant and machinery*	*Computer equipment*	*Fixtures and fittings*	*Motor vehicles*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Cost:						
At 1 April 2012	1,548	9,577	88	143	69	11,425
Additions	-	-	1	-	-	1
Disposals	(4)	(40)	(7)	-	(49)	(100)
At 31 December 2012	1,544	9,537	82	143	20	11,326
Depreciation:						
At 1 April 2012	123	5,450	73	103	61	5,810
Charge for the period	26	672	5	12	3	718
Disposals	-	(26)	(5)	-	(45)	(76)
At 31 December 2012	149	6,096	73	115	19	6,452
Net book value:						
At 31 December 2012	1,395	3,441	9	28	1	4,874
At 1 April 2012	1,425	4,127	15	40	8	5,615

	31 December 2012	*31 March 2012*
	£000	*£000*
Net book value of tangible fixed assets includes the following in respect of assets held under hire purchase	17	161

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 impact of this review was to reduce the depreciation charge for the period by £173,000.

Notes to the financial statements

at 31 December 2012

11. Investments

	2012
	£000
Cost:	
At 1 April 2012	1,067
Additions	-
Disposals	(191)
	876

During the financial period, the company acquired a 100% ordinary shareholding in Magellan Aerospace Polska sp. Z.o.o. (formerly King and Fowler Polska sp. Z.o.o.) from King and Fowler UK Limited, a subsidiary company. In addition, the company disposed of its shareholding in a subsidiary company, King and Fowler UK Limited, to GTZ Limited, a company controlled by RM Huddleston and JL Huddleston, directors of the company.

Details of the company's principal subsidiary undertakings as at 31 December 2012 were as follows:

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

12. Stocks

	31 December 2012	*restated 31 March 2012*
	£000	*£000*
Raw materials and consumables	185	229
Work in progress	175	242
Finished goods	4	35
	364	506

An amount of £179,000 (31 March 2012: £277,000) has been reclassified from amounts recoverable on long term contracts to Work in progress and Finished goods, in order to be consistent with group accounting policies.

Notes to the financial statements

at 31 December 2012

13. Debtors

	31 December 2012 £000	restated 31 March 2012 £000
Trade debtors	1,166	2,489
Amounts owed by fellow group undertakings	2,811	647
Prepayments and accrued income	138	111
	4,115	3,247

An amount of £179,000 (31 March 2012: £277,000) has been reclassified from amounts recoverable on long term contracts to Work in progress and Finished goods, in order to be consistent with group accounting policies.

14. Creditors: amounts falling due within one year

	31 December 2012 £000	31 March 2012 £000
Trade creditors	990	1,256
Amounts owed to fellow group undertakings	7,014	480
Obligations under hire purchase and finance lease agreements	408	872
Corporation tax payable	154	-
Other taxes and social security	186	189
Directors' loan	-	360
Accruals and deferred income	209	78
	8,961	3,235

The amount owed to fellow group undertakings includes a loan of £4,471,000 due to Magellan Aerospace (UK) Limited. 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 2012

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

	31 December 2012	*31 March 2012*
	£000	*£000*
Obligations under hire purchase and finance lease agreements	137	428
Amounts owed to group undertakings	-	600
Directors' loan	-	5,665
	137	6,693

16. Deferred income

	£000
At 1 April 2012	220
Credited to profit and loss account	(26)
	194

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

17. Provisions for liabilities and charges

	Deferred tax
	£000
At 1 April 2012	125
Charged to profit and loss account	(42)
At 31 December 2012	83

Deferred tax comprises:

	31 December 2012	*31 March 2012*
	£000	*£000*
Origination and reversal of timing differences	83	125

Notes to the financial statements

at 31 December 2012

18. Share capital

	31 December			*31 March*
	2012	*2012*	*2012*	*2012*
	No.	*£000*	*No.*	*£000*
Allotted, called up and fully paid:				
Ordinary shares of £1 each	1,066,772	1,067	1,066,772	1,067

19. Profit and loss account

	£000
At 1 April 2012	861
Profit for the period	418
At 31 December 2012	1,279

20. Reconciliation of shareholders' funds and movement on reserves

	31 December 2012 £000	*31 March 2012 £000*
Profit for the period	418	802
Opening shareholders' funds	1,928	1,126
At 31 December	2,346	1,928

21. Other financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as set out below:

	At 31 December 2012 Land and buildings £000	*At 31 March 2012 Land and buildings £000*
Operating leases which expire:		
Within one year	3	-
In two to five years	-	3
	3	3

Notes to the financial statements

at 31 December 2012

22. 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.

23. 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 2012, total contributions outstanding were £nil (31 March 2012: £nil). The total contributions charged to the profit and loss account in the period were £19,000 (12 months to 31 March 2012: £21,000).

24. Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No.8 from the requirements to make disclosures concerning group related parties as it is a wholly owned subsidiary undertaking.

During the financial period, directors' loans of £6,026,000 were repaid in full to RM Huddleston and JL Huddleston.

25. Ultimate parent undertaking

The company's ultimate parent undertaking 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.