

Company Registration No. 00706645

**FARNBOROUGH COMPOSITE DIVISION
LIMITED**
(formerly St Bernard Composites Limited)

Annual Report and Financial Statements
Year ended 31 December 2010

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FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)
REPORT AND FINANCIAL STATEMENTS 2010

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FARNBOROUGH COMPOSITE LIMITED (formerly St Bernard Composites Limited)

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D P Fletcher
J Hoover
J B Merritt
J I Snowden
S R Hagel
R A Cooke
S G Blackmore
R P Becker
R S Pattee

SECRETARY

P Edelstyn

REGISTERED OFFICE

21 Invincible Road
Farnborough
Hampshire
GU14 7QU

AUDITORS

Deloitte LLP
Reading
United Kingdom

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

DIRECTORS' REPORT

For the year ended 31 December 2010

The Directors present their report and financial statements for the year ended 31 December 2010. The company changed its name from St Bernard Composites Limited to Farnborough Composite Division Limited on 12 May 2011.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company is principally engaged in manufacturing and supplying high specification composite structures to the Aerospace and Medical Market sectors.

Turnover for the year was £22,635,392 (year to 31 December 2009 £21,736,395) increasing the annual 'run rate' by 4.1%. The market indicators suggest that a period of flat or declining turnover will continue for the next year but as the Company converts and secures long term agreements with current and new customers the Company will see growth in the following years.

The Directors are satisfied with the level of performance attained during the year.

The sector continues to be very competitive and the Company has sustained its long-standing practice of continuous investment in its infrastructure and innovative engineering and design, which results in delivering lean manufacturing, improved productivity and excellent customer service.

The Company has continued to hedge its foreign currency exposure, as outlined in more detail in the accounting policies, to protect against the current volatility in the foreign exchange and interest markets.

The Directors are committed to this business strategy of continuous investment and improvement in people, plant, processes and systems as a sound foundation to continuing profitable growth. The Company measures and controls its performance in accordance with these key indicators on a regular basis.

Given the global demand for composite structures in preference to the traditional metallic, the Company is beginning to identify synergies with sister companies within the Primus Group ('the Group'), allowing us to pursue an increased statement of work. This gives the Directors confidence in the medium and long term future.

FUTURE DEVELOPMENTS

As part of a larger group, Farnborough Composites Division brings clear market and product synergies that will enable the combined group to provide a more comprehensive set of product solutions to our customers. The Company will also benefit from the strength and opportunity of a wider geographical customer base, and of being part of a group strategically positioning itself to expand effective relationships with OEMs and key Tier 1 customers.

The Group is investing in a composite facility in Thailand which should see production begin during 2011. This development will see the transfer of some legacy work from the UK facility and thus allow the UK facility to introduce new programs and parts commensurate with their advanced technical capabilities.

The Directors are confident that the business will develop in line with the prevailing market conditions, underpinned by a commitment to Research and Development and now being a key part of a progressive group. Note that in the current year, all research and development expenditure has been made at the group level, and therefore there is no such expenditure within the Company.

The market sector which we address is going through unprecedented growth, driven by new products, B787 and A350 coming to market and a replacement new 'single aisle' aircraft which is expected to be developed by 2014. These new variants are mainly composite structures as opposed to metallic and the Company is well positioned to support both the Boeing and Airbus variants going forward.

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2010

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a number of financial risks including cash flow credit risk, liquidity risk and price risk. The use of financial derivatives follows the Company's policies which are approved by the Board of Directors and determine the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures.

Credit risk

The Company's principal financial assets are bank balances and cash and trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made when there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of these cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Price risk

The Company is exposed to commodity price risk. The Company manages its exposure to the risk in that it has enabled pricing and the risk is transferred to the customer, or it minimises the risk by utilising lean purchasing or economic order quantity management.

Going concern

As stated above, the Directors believe the Company to be in a good position going forward. The Company has long term agreements with existing customers and new customers in the pipeline. The Company is part of a strong and progressive group.

As highlighted in note 12 to the financial statements, the Company partly meets its day to day working capital requirements through an overdraft facility and partly through Group funding but it also has cash reserves.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, and the current economic uncertainties, show that the Company should be able to operate within the level of its current facility. The Company will open renewal negotiations with the bank in due course and has at this stage not sought any written commitment that the facility will be renewed. However the Company has held discussions with bankers regarding its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

RESULTS AND DIVIDENDS

The results for the period are set out on page 7.

The Directors do not recommend payment of any dividends (2009 £nil).

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2010

DIRECTORS

The following directors have held office since 1 January 2010

D Baily	(Appointed 29 April 2011, resigned 27 October 2011)
D P Fletcher	
P George	(Resigned 29 April 2011)
J Hoover	(Appointed 29 April 2011)
J B Merritt	
M J Warren	(Resigned 29 April 2011)
J I Snowden	(Appointed 9 August 2011)
S R Hagel	(Appointed 9 August 2011)
R A Cooke	(Appointed 9 August 2011)
S G Blackmore	(Appointed 9 August 2011)
R P Becker	(Appointed 9 August 2011)
R S Pattee	(Appointed 9 August 2011)
P M Mayhead	(Appointed 23 September 2011, resigned 28 October 2011)

TAXATION STATUS

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1988

SUPPLIER PAYMENT POLICY

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 31 December 2010 were equivalent to 44.4 (31 December 2009: 53.1) days' purchases, based on the average daily amount invoiced by suppliers during the year.

AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



J B Merritt

Director

23/12/2011

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

We have audited the financial statements of Farnborough Composite Division Limited (formerly St Bernard Composites Limited) for the year ended 31 December 2010 which comprise the profit and loss account, the note of historical cost profits and losses, the balance sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB'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 annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

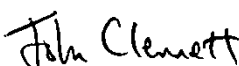
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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


John Clennett (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, UK

5 January 2012

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2010

	Note	2010 £	2009 £
TURNOVER	2	22,635,392	21,736,395
Cost of sales		<u>(17,538,588)</u>	<u>(14,733,715)</u>
GROSS PROFIT		5,096,804	7,002,680
Distribution costs		(927,840)	(605,094)
Administrative expenses		(4,855,510)	(4,880,892)
Other operating (expense)/income	3	<u>(1,209,014)</u>	<u>2,624,167</u>
OPERATING (LOSS)/PROFIT	4	(1,895,560)	4,140,861
Interest payable and similar charges	5	<u>(128,426)</u>	<u>(123,996)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,023,986)	4,016,865
Tax credit/(charge) on (loss)/profit on ordinary activities	8	<u>514,062</u>	<u>(1,130,471)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18, 19	<u>(1,509,924)</u>	<u>2,886,394</u>

The loss for the current year and the profit for the preceding year all derive from continuing activities

The company has no gains and losses in either year other than the above and therefore no separate statement of total recognised gains and losses has been presented

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 December 2010

	2010	2009
	£	£
REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(2,023,986)	4,016,865
Difference between the historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>9,955</u>	<u>9,955</u>
HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>(2,014,031)</u>	<u>4,026,820</u>
HISTORICAL COST (LOSS)/PROFIT FOR THE PERIOD RETAINED AFTER TAXATION	<u>(1,499,969)</u>	<u>2,896,349</u>

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composite Limited)

BALANCE SHEET
At 31 December 2010

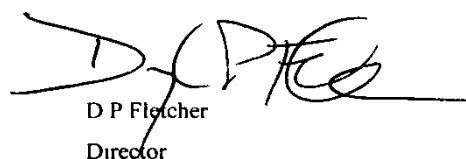
		As at 31 December 2010 £	As at 31 December 2009 £
	Note		
FIXED ASSETS			
Tangible assets	9	7,163,096	6,295,423
CURRENT ASSETS			
Stocks	10	4,482,945	4,983,749
Debtors	11	6,394,316	7,075,197
Cash at bank and in hand		2,862,242	1,211,734
		13,739,503	13,270,680
CREDITORS: amounts falling due within one year	12	(8,632,105)	(6,072,186)
Derivatives at fair value (cross currency swap)		(2,030,257)	(2,381,844)
NET CURRENT ASSETS		3,077,141	4,816,650
TOTAL ASSETS LESS CURRENT LIABILITIES		10,240,237	11,112,073
CREDITORS amounts falling due after more than one year	13	(3,083,787)	(2,445,699)
NET ASSETS		7,156,450	8,666,374
CAPITAL AND RESERVES			
Called up share capital	17	74,074	74,074
Capital redemption reserve	18	26,026	26,026
Revaluation reserve	18	1,124,338	1,134,293
Profit and loss account	18	5,932,012	7,431,981
SHAREHOLDER'S FUNDS	19	7,156,450	8,666,374

The financial statements of Farnborough Composite Division Limited (formerly St Bernard Composites Limited) (registration number 00706645) were approved by the Board of Directors and authorised for issue on

23/12 2011

Signed on behalf of the Board of Directors


J B Merritt
Director


D P Fletcher
Director

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention modified to include the revaluation of leasehold land and buildings and financial instruments at fair value, and in accordance with applicable United Kingdom accounting standards

The principal accounting policies are summarised below. They have been applied consistently throughout the current and prior year

Going concern

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 on page 2. The Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The Company partly meets its day to day working capital requirements through an overdraft facility and partly through Group funding but it also has cash reserves

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance and the current economic uncertainties, show that the Company should be able to operate within the level of its current facility. The Company will open renewal negotiations with the bank in due course and has at this stage not sought any written commitment that the facility will be renewed. However, the Company has held discussions with bankers regarding its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised when the goods are delivered to the customer

Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Leasehold land and buildings	2.5% straight line
Plant and machinery	12.5% straight line
Fixtures and fittings	10% - 33% straight line
Motor vehicles	25% straight line

Residual value is calculated on prices prevailing at the date of acquisition or revaluation

Assets under construction are not depreciated until the asset is in use, at which time they are transferred to the applicable fixed asset category and depreciated in line with the depreciation rate for that category

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

1. ACCOUNTING POLICIES (CONTINUED)

Revaluation of properties

Individual freehold and leasehold properties are revalued regularly with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the term of the lease, even if the payments are not made on such a basis.

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

Pensions

The Company operates a defined contribution scheme. The pension costs charged in the financial statements represent the contributions payable by the Company during the period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

1 ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Research and development

Expenditure on research and development is charged to the profit and loss account in the period in which it is incurred.

Financial instruments

The Company's policy is

- a to hedge foreign currency exposure by the purchase of forward exchange contracts that limit exposure and wherever possible build the forward contract rate into the customer price, and
- b to hedge the balance sheet exposure to exchange rates by the offset of foreign currency debtors with creditors wherever possible.

The Company uses derivative financial instruments, principally forward foreign currency contracts, to reduce its exposure to exchange rate movements. The Company does not hold or issue derivatives for speculative or trading purposes.

Derivative financial instruments are initially recognised at their fair value at the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance sheet date. Changes in their fair value are recognised in the profit and loss account as they arise. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Forward exchange contracts are marked to market using listed market prices.

Trade receivables

Trade receivables are measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash in-hand, call deposits and bank overdrafts, where there is right of set-off. Bank overdrafts are presented as current liabilities to the extent that there is no right of set-off with cash balances.

Trade payables

Trade payables are initially measured at fair value. They are subsequently measured at amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Bank loans and overdrafts

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges including premiums payable on settlement or redemption and direct issue costs are accounted for on an accruals basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and value added tax

	2010 £	2009 £
Geographical analysis of turnover		
United Kingdom	7,230,845	6,565,524
Overseas	15,404,547	15,170,871
	<u>22,635,392</u>	<u>21,736,395</u>

All turnover arises from the principal activity of the Company being the manufacture and supply of high specification composite structures

3 OTHER OPERATING (EXPENSE) /INCOME

	2010 £	2009 £
Foreign exchange loss	(1,566,717)	(1,185,907)
Change in fair value of derivatives	351,586	3,810,074
	<u>(1,215,131)</u>	<u>2,624,167</u>
Profit on sale of fixed assets	6,117	-
	<u>(1,209,014)</u>	<u>2,624,167</u>

4. OPERATING (LOSS) / PROFIT

	2010 £	2009 £
Operating (loss) / profit is stated after charging/(crediting)		
Depreciation of tangible assets owned	536,048	629,672
Depreciation of tangible assets leased	170,724	122,814
Operating lease rentals – plant and machinery	-	13,735
Research and development	-	187,329
Auditors' remuneration	79,404	60,000
Other operating expense / (income) (note 3)	1,209,014	(2,624,167)
	<u>1,995,190</u>	<u>(1,131,673)</u>

5 INTEREST PAYABLE

	2010 £	2009 £
On bank loans and overdrafts	26,835	29,173
On group borrowings	93,884	83,167
Hire purchase interest	7,707	11,656
	<u>128,426</u>	<u>123,996</u>

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

6. DIRECTORS' EMOLUMENTS

	2010	2009
	£	£
Remuneration	128,400	99,996
Pension contributions	15,000	15,000
	<u>143,400</u>	<u>114,996</u>
Emoluments of the highest paid Director	<u>128,400</u>	<u>99,996</u>
Pension contributions for the highest paid Director	<u>15,000</u>	<u>15,000</u>

The number of Directors for whom retirement benefits are accruing under money purchase pension schemes is one (2009 one)

Three (2009 three) of the company Directors are also directors of other Primus Int Group companies, they are remunerated for their services by another company. The amount allocated to the Company in respect of the charge for their services is £nil (2009 £nil)

7. EMPLOYEES

The average monthly number of employees (including Directors) during the period was

	2010	2009
	Number	Number
Direct production staff	160	157
Selling and distribution	2	2
Other support staff	78	80
	<u>240</u>	<u>239</u>

	2010	2009
	£	£
Employment costs		
Wages and salaries	6,826,840	6,280,650
Social security costs	623,624	616,620
Other pension costs	167,686	168,534
Other employment costs	62,822	51,444
	<u>7,680,972</u>	<u>7,117,248</u>

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

8. TAXATION

	2010	2009
	£	£
Domestic current year tax		
UK corporation tax on profits of period	(88,615)	118,527
Adjustment for prior years	3,753	(17,879)
	<u>(84,862)</u>	<u>100,648</u>
Current tax (credit)/charge	<u>(84,862)</u>	<u>100,648</u>
Deferred tax		
Effect of change in tax rate	31,432	-
Adjustment for prior years	(1,080)	17,351
Origination and reversal of timing differences	(459,552)	1,012,472
	<u>(429,200)</u>	<u>1,029,823</u>
Deferred tax (credit)/charge, net	<u>(429,200)</u>	<u>1,029,823</u>
Tax (credit)/charge for the period	<u><u>(514,062)</u></u>	<u><u>1,130,471</u></u>

The tax assessed for the period varies from the standard rate of corporation tax of 28% (2009 28%) as follows

(Loss)/Profit on ordinary activities before taxation	<u>(2,023,986)</u>	<u>4,016,865</u>
(Loss)/Profit on ordinary activities before taxation multiplied by the standard applicable rate of UK corporation tax of 28% (2009 28%)	(566,716)	1,124,722
Effects of		
Non deductible expenses	32,443	30,835
Capital allowances in excess of depreciation	(37,543)	54,542
Tax losses created	594,894	-
Other tax adjustments	(97,799)	(1,073,135)
Research and development	(12,600)	(16,380)
Adjustment for prior years	3,753	(17,879)
Other tax adjustments	(1,294)	(2,057)
	<u>(84,862)</u>	<u>100,648</u>
Current tax (credit)/charge	<u><u>(84,862)</u></u>	<u><u>100,648</u></u>

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

9 TANGIBLE FIXED ASSETS

	Assets under construction	Leasehold land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 January 2010	214,068	4,137,943	5,152,675	2,325,780	121,529	11,951,995
Additions	1,061,565	-	492,671	6,298	13,911	1,574,445
Disposals	-	-	-	-	(73,080)	(73,080)
At 31 December 2010	1,275,633	4,137,943	5,645,346	2,332,078	62,360	13,453,360
Depreciation						
At 1 January 2010	-	437,574	3,656,760	1,464,921	97,317	5,565,572
On disposals	-	-	-	-	(73,080)	(73,080)
Charge for the year	-	110,180	390,448	196,022	10,122	706,772
At 31 December 2010	-	547,754	4,047,208	1,660,943	34,359	6,290,264
Net book value						
At 31 December 2010	1,275,633	3,590,189	1,598,138	671,135	28,001	7,163,096
At 31 December 2009	214,068	3,700,369	1,495,915	860,859	24,214	6,295,423

The leasehold land and buildings were valued on an open market basis with existing use by independent Chartered Surveyors as at June 2005. An updated valuation was not performed during 2010, but a further informal valuation was conducted by the Directors in May 2011, which showed no material difference to the book value of properties recorded above. As such the directors consider the above valuation to be materially correct.

On a historical cost basis land and buildings would be included at

	2010	2009
	£	£
Cost	3,281,446	3,281,445
Aggregate depreciation	790,829	690,604

Included in plant and machinery are assets held under finance leases or hire purchase contracts as follows

	2010	2009
	£	£
Net book value	313,308	484,032
Depreciation charge for the year	170,724	122,814

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

**NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010**

10. STOCKS

	2010 £	2009 £
Raw materials and consumables	1,069,179	1,536,449
Work in progress	3,413,766	3,447,300
	<u>4,482,945</u>	<u>4,983,749</u>

There is no material difference between the balance sheet value of stocks and their replacement value

11. DEBTORS

	2010 £	2009 £
Trade debtors	5,267,521	5,317,580
Other debtors	41,060	378,940
Prepayments and accrued income	148,450	197,267
Amounts due from Group companies	-	728,301
Corporation Tax	88,615	33,639
Deferred tax asset (note 14)	848,670	419,470
	<u>6,394,316</u>	<u>7,075,197</u>

Credit risk

The Company's principal financial assets are cash and trade and other debtors. The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The trade debtors balance includes £1,699,732 (2009: £2,134,166) relating to one customer. There are no other concentrations of credit risk, with the remaining exposure spread over a number of customers.

The carrying amount of financial assets recorded in the financial statements net of any allowances for losses represents the company's maximum exposure to credit risk. The Directors consider that the carrying amount of trade debtors approximates to fair value.

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

11. DEBTORS (CONTINUED)

The ageing profile of unprovided overdue debtors was as follows

Days overdue	2010 £	2009 £
1-30 days	222,047	791,870
31 – 60 days	43,242	110,421
61 – 90 days	16,729	106,135
More than 90 days	32,527	141,850
	<u>314,545</u>	<u>1,150,276</u>

The Company provides against its trade debtors where there are serious doubts as to future recoverability based on the length of time that the debt has been overdue. The trade debtors balance is shown net of a general provision of £10,000 (2009 £10,000). No specific provisions were made at year end (2009 £nil). The average credit period taken on sale of goods is 93.75 days.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Bank overdraft	2,141,881	1,073,869
Net obligations under finance leases and hire purchase contracts	106,217	115,725
Trade creditors	2,374,585	1,865,918
Group relief payable to parent company	787,321	787,321
Other taxes and social security costs	173,077	146,733
Other creditors	2,757	50,216
Amounts due to group undertakings	2,293,842	1,771,382
Accruals and deferred income	752,425	261,022
	<u>8,632,105</u>	<u>6,072,186</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for purchases is 38 days (2009 71 days). The Company has financial risk management policies in place to ensure that all creditors are paid within pre-agreed credit terms. The Directors consider that the carrying amount of trade creditors approximates their fair value.

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010	2009
	£	£
Group borrowings	3,008,188	2,225,021
Net obligations under finance leases and hire purchase contracts	75,599	220,678
	<u>3,083,787</u>	<u>2,445,699</u>

The interest rate on group borrowings is 2.5% above UK or US LIBOR, dependent on the currency of the borrowing. The group borrowings carry no fixed repayment terms, only that they are not due within one year.

Net obligations under finance leases and hire purchase contracts

	2010	2009
	£	£
Repayable within one year	24,588	115,725
Repayable between two and five years	395,364	249,722
	<u>419,952</u>	<u>365,447</u>
Finance charges and interest allocated to future accounting periods	(238,136)	(29,044)
	<u>181,816</u>	<u>336,403</u>
Included in liabilities falling due within one year	(106,217)	(115,725)
	<u>75,599</u>	<u>220,678</u>

It is the Company's policy to lease certain of its plant and machinery under finance lease and hire purchase arrangement. The average lease term is four years. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Finance leases are secured on the assets to which they relate. The fair value of finance leases is approximately equal to their carrying value.

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

14. DEFERRED TAX ASSET

	Deferred taxation	
	£	
At 1 January 2010	419,470	
Origination and reversal of timing differences	429,200	
	<hr/>	
At 31 December 2010	848,670	
	<hr/>	
Deferred tax is provided at 27% (2009 28%) analysed over the following timing differences		
	2010	2009
	£	£
Accelerated capital allowances	(280,909)	(253,872)
Tax loss available	573,648	-
Other timing differences	555,931	673,342
	<hr/>	<hr/>
	848,670	419,470

No provision for deferred taxation has been made in respect of the long leasehold land and buildings included in these accounts at valuation. It is estimated that if they were sold at valuation the tax liability would amount to £nil (2009 £nil).

Legislation in the Finance (No 2) Act reduced the main rate of corporation tax from 28% to 27% with effect from 1 April 2011.

A reduction to 26% with effect from 1 April 2011 was announced on 23 March 2011, along with further reductions of 1% per annum for three years thereafter, reducing to 23% with effect from 1 April 2014.

15. PENSION COSTS

The Company contributes to personal pension plans for certain employees. The pension cost charge represents contributions payable by the Company and amounted to £164,538 (2009 £168,534). At the balance sheet date contributions of £18,745 (2009 £16,440) were unpaid and are included in creditors.

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's policy is

- (a) to limit foreign currency exposure through the purchase of forward exchange contracts that limit exposure and wherever possible build the forward contract rate into the customer price, and
- (b) to hedge the balance sheet exposure to exchange rates by offset of foreign currency debtors with creditors wherever possible.

More details on the company's financial risk management objectives and policies are given in the Directors' report on page 3.

Details of the Company's credit are given in note 11.

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

16. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

The Company utilises currency derivatives in the form of cross currency contracts to hedge its foreign currency risk. The currency giving rise to this risk is primarily US dollars. The net notional, or net contracted amounts of foreign currency related forward sales contracts, classified by year of maturity are shown below.

US dollars/Sterling	2010 £	2009 £
Within 1 year	4,927,380	5,740,137
Between 1 – 5 years	5,867,005	10,794,385
Total	<u>10,794,385</u>	<u>16,534,522</u>

17. SHARE CAPITAL

	2010 £	2009 £
Allotted, called up and fully paid		
74,074 ordinary shares of £1 each	<u>74,074</u>	<u>74,074</u>

18. STATEMENT OF MOVEMENT ON RESERVES

	Capital redemption reserve £	Re- valuation reserve £	Profit and loss account £
Balance at 1 January 2010	26,026	1,134,293	7,431,981
Retained loss for the period	-	-	(1,509,924)
Transfer from revaluation reserve to profit and loss account	-	(9,955)	9,955
Distribution to parent company in respect of tax losses paid for	-	-	-
Balance at 31 December 2010	<u>26,026</u>	<u>1,124,338</u>	<u>5,932,012</u>

During the year the company paid £nil (2009 £190,468) for tax losses in respect of expenses of £nil (2009 £190,468).

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2010 £	2009 £
(Loss) / profit for the financial year	(1,509,924)	2,886,394
Distribution to parent company in respect of tax losses paid for	-	(137,137)
Net (reduction in) / addition to shareholder's funds	<u>(1,509,924)</u>	<u>2,749,256</u>
Opening shareholder's funds	<u>8,666,374</u>	<u>5,917,117</u>
Closing shareholder's funds	<u>7,156,450</u>	<u>8,666,374</u>

FARNBOROUGH COMPOSITE DIVISION LIMITED (formerly St Bernard Composites Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2010

20. COMMITMENTS

At 31 December the Company had annual commitments under non-cancellable operating leases as follows

	2010	2009
	£	£
Expiry date		
Within two – five years	<u>6,943</u>	<u>12,403</u>

21. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No 8 “Related Party Disclosures”, transactions with other group undertakings within, and investee related parties of, Primus International Inc have not been disclosed in these financial statements

22. ULTIMATE HOLDING COMPANY

The parent undertaking of the only group of undertakings for which group financial statements are drawn up is Primus International Inc , 10500 N E Eight Street Bellevue, WA 98004, a company incorporated in the United States of America. The immediate parent undertaking is SBP Holdings Limited, a company incorporated in Great Britain. The ultimate controlling party is Precision Castparts Corp , a company incorporated in the United States of America. Copies of the financial statements of Primus International Inc may be obtained from the above address.

23. CASH FLOW STATEMENT

The company is exempt from preparing a cashflow statement under FRS1 (revised 2006)