

Eachairn Aerospace (UK) Limited  
Annual report  
for the year ended 31 December 2008

**Registered Number 4013493**



# **Eachairn Aerospace (UK) Limited**

## **Directors' report for the year ended 31 December 2008**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2008. The Company has elected not to present additional Directors' Report disclosures as permitted by the small company exemptions of section 246(4) of the Companies Act 1985.

### **Principal activities and review of business**

The Company's principal activity during the year was that of an investment holding company.

The Directors consider the financial position of the Company at the year end to be satisfactory. The Company will continue to act as an investment holding company.

### **Going concern**

The directors have considered the going concern assumption given the current economic climate and have formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The directors have considered the company forecasts and the financial commitment from the ultimate parent company in forming this judgement.

After making enquiries and considering the above facts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### **Financial risk management and policies**

#### *Credit risk*

Through its activities the company is exposed to credit risk. The company's principal financial assets are receivables from other group companies.

The company's credit risk is primarily attributable to its receivables from subsidiary undertakings. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cashflows.

#### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available to meet obligations as they fall due, the company ensures regular communication with other group companies.

### **Dividend and transfers to reserves**

The profit for the year after taxation transferred to reserves amounted to £1,373,678 (2007: £1,556,965). The Directors do not recommend the payment of a dividend (2007: £nil).

### **Directors**

The Directors who held office during the year were:

G P Martin

G E Barnes

S A Peckham

None of the Directors hold any beneficial interest in shares in the Company.

### **Directors' indemnities**

The ultimate parent undertaking has made qualifying third party indemnity provisions for the benefit of the directors of the Company which were in force throughout the year and at the date of this report.

# **Eachairn Aerospace (UK) Limited**

## **Directors' report for the year ended 31 December 2008 (continued)**

### **Supplier payment policy**

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. There were no trade creditors of the company at 31 December 2008.

### **Auditors**

Each of the Directors at the date of approval of this annual 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 ought to have taken as a Director in order to make himself 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 s234ZA of the Companies Act 1985.

Deloitte LLP have been re-appointed as auditors of the Company.

By order of the Board



**GE Barnes**

**Director**

16 October 2009

# **Eachairn Aerospace (UK) Limited**

## **Directors' report for the year ended 31 December 2008 (continued)**

### **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). The financial statements are required by law to 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 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;
- 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 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 1985. 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.

# **Eachairn Aerospace (UK) Limited**

## **Independent auditors' report to the members of Eachairn Aerospace (UK) Limited**

We have audited the financial statements of Eachairn Aerospace (UK) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Eachairn Aerospace (UK) Limited**

### **Independent auditors' report to the members of Eachairn Aerospace (UK) Limited (continued)**

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**Deloitte LLP**

Chartered Accountants and Registered Auditors

London, UK

15th October 2009

# Eachairn Aerospace (UK) Limited

## Profit and loss account for the year ended 31 December 2008

		Year ended 31 December 2008	Year ended 31 December 2007
	Notes	£	£
Administrative expenses	2	-	(3,201)
Other operating income – exceptional	3	-	201,850
<b>Operating profit</b>	2	-	198,649
Investment income	4	-	102,383
Interest receivable from fellow subsidiaries		<b>1,373,678</b>	1,255,933
<b>Profit on ordinary activities before taxation</b>		<b>1,373,678</b>	1,556,965
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial year</b>	9	<b>1,373,678</b>	1,556,965

There are no recognised gains or losses other than those included in the profit and loss account above, therefore no statement of total recognised gains and losses is presented.

All results derive from continuing activities.

# Eachairn Aerospace (UK) Limited

## Balance sheet as at 31 December 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Investments	6	160,004,364	160,004,364
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	22,477,715	21,104,037
Net current assets		<u>22,477,715</u>	<u>21,104,037</u>
<b>Total assets</b>		<u>182,482,079</u>	<u>181,108,401</u>
<b>Net assets</b>		<u>182,482,079</u>	<u>181,108,401</u>
<b>Capital and reserves</b>			
Called up share capital	8	10,000	10,000
Share premium account	9	315,934,000	315,934,000
Profit and loss account	9	(133,461,921)	(134,835,599)
<b>Equity shareholders' funds</b>	9	<u>182,482,079</u>	<u>181,108,401</u>

The financial statements on pages 7 to 13 were approved by the Board of Directors on 16/12/09 and were signed on its behalf by:

  
G E Barnes  
Director



**Eachairn Aerospace (UK) Limited**  
**(formerly McKechnie Aerospace (UK) Limited)**

**Notes to the financial statements**  
**for the year ended 31 December 2008**

**1 Principal accounting policies**

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

**Basis of preparation**

These financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. The financial statements have been prepared on a going concern basis as outlined in the directors' report on page 2.

As permitted under Section 228 of the Companies Act 1985 no group accounts have been prepared.

**Cash flow statement**

The Company is a wholly-owned subsidiary of Melrose PLC and is included in the consolidated financial statements of Melrose PLC which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No 1 (Revised) "Cash Flow Statements".

**Investments**

Investments in subsidiary undertakings are stated at cost of acquisition (including any incidental cost of acquisition) together with the amount of any loans advanced to those undertakings. Current asset investments are stated at the lower of cost and net realisable value.

Where, in the opinion of the Directors, there has been an impairment in the value of the investments, appropriate provisions are made for impairment and charged to the profit and loss account.

**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 taxation**

Deferred tax is provided in accordance with FRS 19 'Accounting for Deferred Taxation', at the rate ruling on the balance sheet date on all timing differences that arise from the recognition of income and expenditure in differing periods for taxation and accounting purposes.

**Foreign currency**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Profits and losses on exchange arising in the normal course of trading and realised exchange differences arising on the conversion of foreign currency assets and liabilities are dealt with in the profit and loss account.

**Eachairn Aerospace (UK) Limited**  
**(formerly McKechnie Aerospace (UK) Limited)**

**Notes to the financial statements**  
**for the year ended 31 December 2008**

**2 Operating profit**

	2008	2007
	£	£
Operating profit is stated after charging:		
Currency translation differences	-	(3,201)
	<u>-</u>	<u>(3,201)</u>

Auditors' remuneration of £1,000 (2007: £1,000) is paid on behalf of the Company by fellow subsidiaries. The Directors were remunerated by other Group companies in the current and prior year. The Company had no employees in the current or prior year.

**3 Other operating income - exceptional**

	2008	2007
	£	£
Profit on sale of joint venture	-	201,850
	<u>-</u>	<u>201,850</u>

On 23 March 2007, the Company disposed of its 51% joint venture holding in McKechnie Aerospace Aftermarket Asia Ltd for consideration of £230,000 giving rise to a profit on sale of £201,850.

**4 Investment income**

	2008	2007
	£	£
Dividend from investment in joint venture	-	102,383
	<u>-</u>	<u>102,383</u>

**5 Taxation on profit on ordinary activities**

	2008	2007
<b>(a) Analysis of charge in year</b>		
<i>Current tax</i>		
UK corporation tax charge at 28.5% (2007: 30%)	-	-
	<u>-</u>	<u>-</u>

**Eachairn Aerospace (UK) Limited**  
**(formerly McKechnie Aerospace (UK) Limited)**

**Notes to the financial statements**  
**for the year ended 31 December 2008**

**5 Taxation on profit on ordinary activities (continued)**

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

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28.5% (2007:30%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>1,373,678</u>	<u>1,556,965</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	391,498	467,090
<i>Effects of:</i>		
Non-taxable exceptional income	-	(60,555)
Group relief claimed (at nil tax rate)	<u>(391,498)</u>	<u>(406,535)</u>
	<u>-</u>	<u>-</u>

**6 Fixed asset investments**

	2008 £
Cost:	
At 1 January 2008 and 31 December 2008	<u>239,878,591</u>
Provision at 1 January 2008 and 31 December 2008	<u>(79,874,227)</u>
<b>Net book value at 1 January 2008 and 31 December 2008</b>	<u><b>160,004,364</b></u>

Closing investments include 100% of the share capital of McKechnie Investments USA (registered in Great Britain, principal activity: Holding Company).

**Eachairn Aerospace (UK) Limited**  
**(formerly McKechnie Aerospace (UK) Limited)**

**Notes to the financial statements**  
**for the year ended 31 December 2008**

**7 Debtors: amounts falling due within one year**

	2008	2007
	£	£
Amounts owed by fellow subsidiary undertaking	22,477,715	21,104,037
	<u>22,477,715</u>	<u>21,104,037</u>

**8 Share capital**

Ordinary shares of £0.01 each	Authorised		Allotted, called up and fully paid	
	No of shares	£	No of shares	£
At 1 January 2008 and 31 December 2008	<u>1,000,000</u>	<u>10,000</u>	<u>1,000,000</u>	<u>10,000</u>

**9 Reconciliation of shareholders' funds and movements on reserves**

	Share capital	Share premium	Profit and loss account	Total shareholders' funds
	£	£	£	£
At 1 January 2008	10,000	315,934,000	(134,835,599)	181,108,401
Profit for the period	-	-	1,373,678	1,373,678
At 31 December 2008	<u>10,000</u>	<u>315,934,000</u>	<u>(133,461,921)</u>	<u>182,482,079</u>

**10 Related party transactions**

The Company has taken advantage of the exemption of FRS 8 Related Party Transactions from disclosing transactions with related parties between members of the Melrose PLC Group of Companies.

**Eachairn Aerospace (UK) Limited**  
**(formerly McKechnie Aerospace (UK) Limited)**

**Notes to the financial statements**  
**for the year ended 31 December 2008**

**11 Ultimate parent undertaking and controlling party**

The immediate parent company is Eachairn Aerospace Holdings Limited (formerly McKechnie Aerospace Holdings Limited) which is registered in England and Wales. The ultimate parent undertaking and controlling party is Melrose PLC which is incorporated in Great Britain and registered in England and Wales.

The largest and smallest of undertakings for which group accounts have been drawn up is that headed by Melrose PLC, incorporated in Great Britain and registered in England and Wales. Copies of Group financial statements can be obtained from Precision House, Arden Road, Alcester, Warwickshire B49 6HN.