

Airfoil Technologies International UK Limited

Annual report and financial statements
for the year ended 31 December 2006

Registered number 2032921

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Airfoil Technologies International UK Limited

Annual report and financial statements for the year ended 31 December 2006

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Airfoil Technologies International UK Limited

Directors' report for the year ended 31 December 2006

The directors submit their report and audited financial statements for the year ended 31 December 2006

Principal activity

Airfoil Technologies International UK Limited ("the company") operates a repair and overhaul business for the commercial airline industry. The company is a joint venture, co-owned by two American companies, Teleflex Inc (51%) and GE Electric Inc (49%). The company provides repair services for Fan blades, Compressor blades and Compressor vanes to engine manufacturers and to airlines.

Results for the year

The company made a profit after tax of £1,041,000 during the year (2005: loss of £277,000). A dividend of £nil (2005: £61,000) was paid during the year.

On 5 September 2007, HM Revenue and Customs in the United Kingdom issued an assessment on the company for payment of £2,785 million in respect of customs duties and £18,542 million for value-added tax (VAT). A further assessment was received in June 2008. Further details are included in note 23 to the accounts.

Research & development

The company continues to develop engine repairs to broaden its portfolio of services on offer. These new repairs can only be developed under strict adherence to CAA/FAA rules and must be ratified by the relevant engine manufacturer and the company approved as an authorized repair shop.

Future outlook

Whilst there are cyclical fluctuations between customers, the overall level of business is estimated to be broadly in line with 2006 levels. The industry remains buoyant with no immediate withdrawals of engines or introductions of new engines that would materially affect the business.

Principal Risks and Uncertainties

Being a service industry, the company is always subject to the fluctuating demands of customers and is not in a position to be able to fully protect against these fluctuations through the use of inventory.

This uncertainty is being managed by training the workforce to be flexible so that they may move around the operation as the need arises and by trying to work more closely with the customer base to give better visibility to upcoming demands and to smooth the inputs into the company.

The principal risk to the company is if a key customer decides to undertake their repair work in their own internal facility instead of contracting out the work to the company. This is mitigated by the fact that the company has several long-term agreements in place with customers and seeks to tie customers in to long-term agreements for the benefit of both parties.

The directors consider the results for the year to be satisfactory and are confident of future prospects.

Donations

During the year ended 31 December 2006, the company made charitable donations amounting to £692 (2005: £810), which were made to a variety of local and national charities. No political donations were made in either year.

Airfoil Technologies International UK Limited

Directors' report for the year ended 31 December 2006 (continued)

Directors

The Directors who held office during the year and up to the date of this report are given below

F Mocilnikar

Directors' interests

None of the directors had any interest in the shares of the company during the year. There are no other directors' interests requiring disclosure under the Companies Act 1985.

No significant contract or arrangement in relation to the company's business in which any director had a material interest subsisted at any time during the year.

Employees

It is the company's policy that there shall be no discrimination in respect of sex, colour, religion, race, nationality or ethnic origin, and that equal opportunities shall be given to all employees. The company supports the employment of disabled people whenever possible in recruitment, in the retention in the event of becoming disabled during employment, and by encouraging training and career development. A programme of consultation, communication and involvement encourages employees to use their knowledge and skills actively towards influencing the company's success. Employees receive information about the company's performance and development on a regular and systematic basis, via departmental meetings, organised group briefings, open forums and notice boards.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The directors actively manage these risks by monitoring levels of risk and the related costs. No derivatives are used other than forward exchange contracts which are entered into and used in conjunction with currency accounts in order to protect against foreign exchange movements.

Price risk

The company is exposed to commodity price risk as a result of its operations. The company seeks the lowest price from its suppliers for all commodities used throughout its operational processes. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies to insure customer debt and carry out appropriate credit checks on potential customers before sales are made.

Liquidity risk

An overdraft facility is available to ensure sufficient available funds and required levels of working capital. Floating rate interest rates apply to this and the director reassesses these in the context of longer term interest rate trends.

Airfoil Technologies International UK Limited

Directors' report for the year ended 31 December 2006 (continued)

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at a variable rate. The company also has a number of finance leases which bear interest at a fixed rate.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which 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 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.


Disclosure of audit information

So far as the directors are aware, there is no relevant audit information of which PricewaterhouseCoopers LLP are unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the next Annual General Meeting.

By Order of the Board


D. Rodems
Company Secretary
12 September 2008

Independent auditors' report to the members of Airfoil Technologies International UK Limited

We have audited the financial statements of Airfoil Technologies International UK Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

Independent auditors' report to the members of Airfoil Technologies International 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 2006 and of its profit and cash flows 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

Emphasis of matter – possible outcome of HMRC duty assessment

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 23 to the financial statements in relation to the HM Revenue and Customs duty assessment. This claim relies on a considerable degree of judgement regarding the likely settlement value of the claim, and the ultimate outcome of the matter cannot presently be determined.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands

12 September 2008

Airfoil Technologies International UK Limited

Profit and loss account for the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Turnover - continuing operations	2	24,720	31,127
Cost of sales		(16,558)	(24,019)
Gross profit		8,162	7,108
Selling and distribution costs		(1,517)	(2,271)
Administration expenses		(5,071)	(5,155)
Operating profit/(loss) - continuing operations		1,574	(318)
Interest payable and similar charges	4	(175)	(236)
Interest receivable and similar income	4	105	260
Profit/(loss) on ordinary activities before taxation	3	1,504	(294)
Taxation on profit/(loss) on ordinary activities	6	(463)	17
Profit/(loss) for the year	17	1,041	(277)

The company has no recognised gains or losses other than the profit/(loss) for the year

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year stated above and their historical cost equivalents

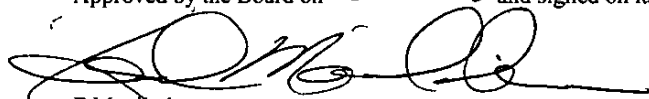
The notes on pages 9 to 22 form part of these financial statements

Airfoil Technologies International UK Limited

Balance sheet as at 31 December 2006

	Notes	2006 £'000	2005 £'000
Fixed assets			
Intangible assets	8	482	596
Tangible assets	9	2,445	3,218
		2,927	3,814
Current assets			
Stocks	10	1,762	3,436
Debtors	11	3,908	5,412
Cash at bank and in hand	19b	5,075	4,492
		10,745	13,340
Creditors amounts falling due within one year	12	(8,293)	(12,754)
Net current assets		2,452	586
Total assets less current liabilities		5,379	4,400
Provisions for liabilities and charges – deferred tax	13	(99)	(161)
Net assets		5,280	4,239
Capital and reserves			
Called up share capital	14	26	26
Other reserves	17	4,490	4,490
Profit and loss account	17	764	(277)
Total shareholders' funds	18	5,280	4,239

Approved by the Board on 12 Sept '08 and signed on its behalf by


F Mochlikar
Director

The notes on pages 9 to 22 form part of these financial statements

Airfoil Technologies International UK Limited

Cash flow statement for the year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Net cash inflow from operating activities	19a	922	2,521
Returns on investments and servicing of finance			
Interest paid		(12)	(175)
Interest element of finance lease agreements		(52)	(52)
Interest received		105	260
Net cash inflow from returns on investments and servicing of finance		41	33
Taxation		(56)	(310)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(151)	(189)
Proceeds from disposal of tangible fixed assets		24	31
Net cash outflow from capital expenditure and financial investment		(127)	(158)
Equity dividends paid		-	-
Net cash inflow before financing		780	2,086
Financing			
Capital element of finance lease payments		(197)	(197)
Increase in cash	19b	583	1,889

The notes on pages 9 to 22 form part of these financial statements

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 31 December 2006

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with applicable Accounting Standards and the Companies Act 1985

On 5 September 2007, HM Revenue and Customs in the United Kingdom issued an assessment on the company for payment of £2 785 million in respect of customs duties and £18 542 million for value-added tax (VAT). This assessment was subsequently reduced to £0 504 million of customs duty and £3 350 million for VAT, with a second assessment received for £6 575 million of customs duty and £43 333 million for VAT. The company plans to appeal this assessment on various grounds, and will argue that the assessment should be zero. It is too early to predict the outcome of this matter, and no provision has been included in the accounts in respect of this matter. Further details are provided in note 23.

A summary of the more important accounting policies is set out below together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

Turnover

Turnover represents amounts invoiced to customers in respect of repairs, re-profiling or replacement of turbine blades and is recognised on despatch of goods to the customer.

Foreign currencies

Balances due to overseas group undertakings are expressed at the sterling values attributed when each debt arose, when repaid these will be settled at the same sterling values. Other assets and liabilities of the company denominated in foreign currencies are translated at the rates of exchange ruling at the end of the year and resulting translation differences are dealt with through the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value and cost where appropriate includes a proportion of production related overheads.

Leased assets

Assets held under finance lease agreements are capitalised as fixed assets. Depreciation is provided over the shorter of the estimated useful life of the assets or the period of the agreement. The interest element of the charges implicit in the agreement is charged to the profit and loss account. Rentals under operating leases are charged to the profit and loss account as incurred.

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

1 Accounting policies (continued)

Tangible fixed assets

The cost of fixed assets is written off over their estimated useful lives by providing depreciation on a straight-line basis

The principal estimated useful lives are

Short leasehold improvements	- over the unexpired term of the lease
Plant and machinery	- 2 to 10 years
Fixtures and fittings	- 8 to 10 years

Goodwill

When the fair value of consideration for an acquired business exceeds the fair value of its separate net assets, the difference is treated as purchased goodwill and is capitalised and amortised through the profit and loss account over its estimated useful economic life

Research and development costs

Research and development costs are written off to the profit and loss account as they are incurred

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, with the following exceptions,

- Deferred taxation assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted,
- Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets, and
- Provision is made for the tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable

Deferred taxation is measured on a non-discounted 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

Pensions

The company operates a pension and life assurance scheme covering the majority of its employees which is financed by a separate trustee administered fund. The scheme is a defined contribution scheme and pension costs are charged to profit and loss account on the basis of contributions payable

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

2 Segmental analysis

Turnover, operating profit/(loss) and capital employed are in respect of the company's principal activity, the repair and re-profiling of turbine blades and airfoil performance management

Turnover is the invoiced value of goods sold and services provided, after deducting returns and excluding value added tax

The geographical split of turnover is as follows

	2006	2005
	£'000	£'000
Europe	17,545	23,858
Asia and Australasia	1,500	1,238
North America	5,433	5,632
Rest of the world	242	399
	24,720	31,127

3 Profit/(loss) on ordinary activities before taxation

	2006	2005
	£'000	£'000
The profit/(loss) on ordinary activities before taxation is stated after charging / (crediting)		
Amortisation of goodwill	114	114
Depreciation of tangible fixed assets		
- owned assets	624	666
- assets held under finance lease agreements	270	270
Auditors' remuneration		
- audit fees	41	52
- non audit fees relating to tax services	15	17
Operating lease rentals		
- property	270	208
- plant and machinery	144	137
Foreign exchange (gain)/loss	(25)	565

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

4 Interest

	2006	2005
	£'000	£'000
Payable:		
On bank overdrafts	-	7
On inter-company accounts	-	173
On finance lease agreements	52	52
Other interest	123	4
	175	236
Receivable:		
On bank deposits	105	260

5 Directors and employees

	2006	2005
	£'000	£'000
Staff costs:		
Wages and salaries	5,180	5,024
Social security costs	508	497
Other pension costs (note 20)	147	162
	5,835	5,683

The average number of persons employed by the company (excluding directors) during the year was 212 (2005 232)

The director received no emoluments in respect of his services to the company during the current year (2005 £nil)

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

6 Taxation

	2006	2005
	£'000	£'000
The tax charge/(credit) comprises:		
Corporation tax at 30% (2005 30%)		
- Current year	618	57
- Prior year	(93)	66
Total current tax	525	123
Deferred taxation (note 13)	(62)	(140)
	463	(17)

The tax assessed for the year is higher (2005 higher) than the standard rate of corporation tax in the UK (30%)
The differences are explained below

	2006	2005
	£'000	£'000
Profit/(loss) on ordinary activities before taxation	1,504	(294)
Multiplied by the standard rate of corporation taxation in the UK (30%)	451	(88)
Effects of:		
Expenses not deductible for tax purposes	53	44
Accelerated capital allowances and other timing differences	114	101
Adjustments to tax charge in respect of previous periods	(93)	66
Current tax on profit/(loss) on ordinary activities	525	123

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

7 Dividends

	2006	2005
	£'000	£'000
Dividends declared:		
In respect of current year		
On Ordinary Shares	-	61
On 'B' Preference Shares		
Participating dividend	-	-
	-	61

8 Intangible fixed assets

	Goodwill
	£'000
Cost	
At 26 December 2005 and 31 December 2006	891
Accumulated amortisation	
At 26 December 2005	295
Charge for the year	114
At 31 December 2006	409
Net book amount	
At 31 December 2006	482
At 25 December 2005	596

The goodwill arising on the acquisition of the Honeywell custom from Sermatech International is being amortised on a straight line basis over 8 years, this period being the estimated useful economic life of the goodwill

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

9 Tangible fixed assets

	Short leasehold improve- ments £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 26 December 2005	1,742	8,052	8	9,802
Additions	-	151	-	151
Disposals	(108)	(712)	(5)	(825)
At 31 December 2006	1,634	7,491	3	9,128
Depreciation				
At 26 December 2005	1,085	5,494	5	6,584
Disposals	(92)	(701)	(2)	(795)
Charge for the year	121	773	-	894
At 31 December 2006	1,114	5,566	3	6,683
Net book amount				
At 31 December 2006	520	1,925	-	2,445
At 25 December 2005	657	2,558	3	3,218

Fixed assets held under finance lease agreements had a net book value at 31 December 2006 of £314,000 (2005 £584,000)

10 Stocks

	2006 £'000	2005 £'000
Raw materials and consumables	512	568
Work in progress	286	249
Finished goods	964	2,619
	1,762	3,436

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

11 Debtors

	2006	2005
	£'000	£'000
Amounts due within one year:		
Trade debtors	3,267	4,729
Other debtors	416	199
Prepayments and accrued income	225	484
	3,908	5,412

12 Creditors: amounts falling due within one year

	2006	2005
	£'000	£'000
Trade creditors	1,811	6,623
Amounts owed to group undertakings	2,108	2,098
Taxation and social security	152	123
Other creditors	1,025	1,079
Accruals and deferred income	579	182
Dividends payable	1,998	1,998
Corporation tax	281	61
Obligations under finance leases	339	590
	8,293	12,754

There are no fixed repayment terms attached to amounts owed to group undertakings

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

13 Provisions for liabilities and charges

The deferred tax liability comprises

	2006	2005
	£'000	£'000
Accelerated capital allowances	(112)	(174)
Other timing differences	13	13
	(99)	(161)
		£'000
Deferred tax liability recognised at 26 December 2005		(161)
Profit and loss credit		62
Deferred tax liability recognised at 31 December 2006		(99)

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

14 Called up share capital

	2006	2005
	£'000	£'000
Authorised:		
25,000 Ordinary Shares of £1 each	25	25
1,000 Cumulative 'B' Preference Shares of £1 each	1	1
	26	26
Issued, allotted and fully paid:		
25,000 Ordinary Shares of £1 each	25	25
1,000 Cumulative 'B' Preference Shares of £1 each	1	1
	26	26

Redemption rights

There are no specific redemption rights attached to any class of share

Rights to dividends

The profits available for distribution are to be paid in the following order

- 1 A cumulative preferential dividend of 1p per share, payable to the 'B' shareholders
- 2 A variable cumulative preferential dividend based on profits after tax, payable to the 'B' preference shareholders, based on profits generated from the compressor division
- 3 The remaining profits to be distributed amongst the ordinary shareholders

Voting rights

The ordinary shareholders are entitled to one vote per share. The 'B' preference shareholders hold nil votes per share, except in respect of resolutions varying their rights, or for a winding up, dissolution or liquidation, in which the 'B' preference shareholders are entitled to one vote per share.

Rights on winding-up

On a winding-up preference shareholders are entitled to receive £1 per share together with any arrears of dividends. The balance of the remaining assets is to be distributed amongst the ordinary shareholders *pari passu*.

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

15 Capital commitments

	2006	2005
	£'000	£'000
Authorised and contracted for	-	-

16 Operating lease commitments

The Company had annual commitments under non cancellable operating leases as set out below

	2006	2005
	£'000	£'000
Land and buildings leases which expire:		
Over five years	286	250
Plant and machinery leases which expire:		
Less than one year	4	68
Between two and five years	155	49

17 Reserves

	Other Reserves	Profit and loss account
	£'000	£'000
At 26 December 2005	4,490	(277)
Profit for the year	-	1,041
At 31 December 2006	4,490	764

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

18 Reconciliation of movements in shareholders' funds

	2006	2005
	£'000	£'000
Profit/(loss) for the financial year	1,041	(277)
Dividends	-	(61)
Net increase/(decrease) in shareholders' funds	1,041	(338)
Opening shareholders' funds	4,239	4,577
Closing shareholders' funds	5,280	4,239

19 Notes to the cash flow statement

a) Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2006	2005
	£'000	£'000
Operating profit/(loss)	1,574	(318)
Depreciation	894	936
Loss/(profit) on disposal of fixed assets	6	(7)
Amortisation of goodwill	114	114
Decrease in stocks	1,674	1,833
Decrease in debtors	1,504	601
Decrease in creditors	(4,790)	(706)
Foreign exchange movement on finance leases	(54)	68
Net cash inflow from operating activities	922	2,521

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

19 Notes to the cash flow statement (continued)

b) Analysis of changes in net debt

	At 26 December 2005	Cash flow	Exchange movements	At 31 December 2006
	£'000	£'000	£'000	£'000
Cash at bank and in hand	4,492	583	-	5,075
Finance leases due within 1 year	(590)	197	54	(339)
	3,902	780	54	4,736

20 Pensions

The company operates a pension and life assurance scheme covering the majority of its employees which is financed by a separate trustee administered fund. The scheme is a defined contribution scheme. The profit and loss charge for the year was £147,000 (2005: £162,000).

21 Related party transactions

During the year the company traded with other members of the Teleflex Inc Group. The aggregate value of transactions undertaken was: sales made to Sermatech International UK Limited of £nil (2005: £6,000), purchases made from Sermatech International UK Limited of £nil (2005: £1,420,000), interest paid to Airfoil Technologies International Singapore PTE Limited of £nil (2005: £173,000), management charges paid to Airfoil Technologies International LLC of £661,000 (2005: £670,000), and royalty charges paid to Sermatech International UK Limited of £38,000 (2005: £11,000).

At 31 December 2006 there were aggregate amounts payable to Teleflex Inc Group companies of £2,108,000 (2005: £2,098,000).

A significant shareholder in the company's immediate parent undertaking is General Electric Inc. During the year the company also traded with members of the General Electric Inc Group. The aggregate value of the transactions undertaken was as follows: net sales made to the General Electric Inc Group of £9,255,980 (2005: £14,589,300), purchases made from the General Electric Inc Group of £210,629 (2005: £44,500), royalty and rebate payments due to the General Electric Inc Group of £74,309 (2005: £235,700). The aggregate outstanding balances due from members of the General Electric Inc Group, at the year-end were £477,951 (2005: £1,182,000).

Airfoil Technologies International UK Limited

Notes to the financial statements for the year ended 31 December 2006 (continued)

22 Parent undertakings

The directors consider that the company's ultimate parent undertaking and ultimate controlling party is Teleflex Inc, a company incorporated in the USA. Teleflex Inc is the largest group of undertakings preparing consolidated accounts to include the results of this company. Its annual report, as filed with the Securities and Exchange Commission, can be obtained from Communications Department, Teleflex Inc, 155 South Limerick Road, Limerick, Pennsylvania 19468-1699, USA.

The company's immediate parent undertaking and the company preparing consolidated accounts representing the smallest group of undertakings to include the results of this company is Airfoil Technologies International LLC, a company incorporated in the USA. Its annual report may be obtained from 5966 Heisley Road, Mentor, Ohio, 44060-1870, USA.

23 Contingent liabilities

On 5 September 2007, HM Revenue and Customs in the United Kingdom issued an assessment on the company for payment of £2 785 million in respect of customs duties and £18 542 million for value-added tax (VAT), based on the company's alleged failure to meet the requirements for duty-free treatment of imports under Inward Processing Relief. This assessment was subsequently reduced to £0 504 million of customs duty and £3 350 million for VAT, with a second assessment received for £6 575 million of customs duty and £43 333 million for VAT. The company plans to appeal these assessments on various grounds, and will argue that the assessments should be zero. It is too early to predict the outcome of this matter, and no provision has been included in the accounts in respect of this matter.