Registered Number 3206792

AETC Limited

Annual report and accounts

for the year ended 31 March 2006

AETC Limited

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for the year ended 31 March 2006

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AETC Limited

Directors and advisers for the year ended 31 March 2006

Directors
W D Larsson
G A Hawkes
M Donegan
J J Sloboda
A Milner

Secretary
R A Cooke

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Auditors
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Bankers
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Registered Number
3206792

AETC Limited

Directors' report for the year ended 31 March 2006

The directors present their report and the audited financial statements for the year ended 31 March 2006

Activities

The group's principal activity is the manufacture, machining and repair of airfoils and gas turbine components

Review of business and future developments

The results of the group show a pre tax profit of £1,401,000 excluding net non operating income (2005 loss of £1,467,000) for the year and sales of £60,666,000 (2005 £55,930,000) The group has net debt of £8,951,000 (2005 £9,952,000 restated)

Sales growth in the year has been 8% The group has experienced growth in the airfoils and gas turbine markets during the year reflecting growth of demand in the North American and UK markets Sales from the aerospace sector have also continued to grow although at a slower rate than the gas turbine sector

The company continues to invest in plant and machinery to increase capacity and improve efficiency in order to take advantage of the growing markets The group believes it is well positioned to grow its revenue over the next year and continue to improve its trading performance

Principal Risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks The key business risks affecting the group are considered to relate to competition and to foreign currency

Competition

The group operates in a highly competitive market around price and product quality This can have an impact in downward pressure on our margins but also in the risk that we do not meet our customers expectations In order to mitigate this risk our sales team monitor market prices on an ongoing basis Further more, our quality team continually monitor the quality of product being produced and ensure we maintain a rigorous quality system

Foreign Currency

The company sells into a number of markets worldwide Some of these sales are in foreign currency, and therefore the company has an exposure to foreign currency movements In order to mitigate this risk, the company hedges against currency exposures

Key performance indicators

There has been a continued improvement in the level of operating working capital ("OWC") during the year, arising from the continued improvement in the control over inventory levels

At the year end OWC was 14 6% (2005 19 4%)

Dividends

The directors do not recommend the payment of a dividend in respect of the period, and accordingly the profit has been transferred to reserves

AETC Limited

Directors and their interests
The directors who served from 1 April 2005 to the date of this report were as follows

W D Larsson
G A Hawkes
M Donegan
P J Worsley (resigned 3 October 2005)
J J Sloboda (appointed 1 April 2005)
A Milner (appointed 3 October 2005)

None of the directors in office at the year end held any notifiable beneficial interests in the share capital of the company during the year Certain of the directors are also directors of Precision Castparts Corp and their interests in that company are shown in the accounts of that company

Share options
Those options held by UK directors at 31 March 2006 are set out below

Options held by A Milner at 31 March 2006

Issued	Convertible from				Expiry date	Exercise price
11.2005	**15.11 2006**	**15 11.2007**	**15 11.2008**	**15 11 2009**	16 11 15	$47 84
	1500	1500	1500	1500		

No options were exercised during the year

At 31 March 2006 the market price of the stocks was $59 40 (2005 $74 15) and the range during the period was $36 105 to $60 66

The company operates an Employee Stock Purchase Plan under which deductions from pay of up to 10%, can be converted into shares at 31 December each year At the year end, 254 employees (2005 188 employees), including the directors, were participating in the scheme

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability

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

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made which are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units, and of the company as a whole

Political and charitable donations

During the year the company made charitable donations of £1,028 (2005 £943)

Creditor payment policy

The group's policy is to negotiate terms of payment with suppliers when agreeing terms of transactions and then to abide by those terms once satisfactory performance of service or receipt of goods is achieved Creditor days for the company have been calculated at 74 days at 31 March 2006(2005 72 days)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period The directors are required to 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 suitable accounting policies have been used and applied consistently with the exception of the changes on the adoption of new accounting standards in the year as explained on page 10 under the heading changes in accounting policies They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2006, and that applicable accounting standards have been followed

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors and disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board

8/8/07

A Milner
Director

2007

Independent auditors' report to the members of AETC Limited

We have audited the group and parent company financial statements (the 'financial statements') of AETC Limited for the year ended 31 March 2006 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the group and company balance sheets, the statement of accounting policies and the related notes These financial statements have been prepared under the amounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 in to 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 transactions is not disclosed

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements This other information comprises only the directors' report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 AETC 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 group's and the parent company's affairs as at 31 March 2006 and of the group's 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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
21 August 2007

AETC Limited

Consolidated profit and loss account for the year ended 31 March 2006

		2006			2005		
	Note	**Continuing operations**	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
		£'000	**£'000**	**£'000**	£'000	£'000	£'000
Turnover	1	**60,666**	**-**	**60,666**	55,930	-	55,930
Cost of sales		**(55,478)**	**-**	**(55,478)**	(49,975)	-	(49,975)
Gross profit		**5,188**	**-**	**5,188**	5,955	-	5,955
Distribution costs		**(153)**	**-**	**(153)**	(172)	-	(172)
Administrative expenses		**(3,263)**	**73**	**(3,190)**	(6,073)	(187)	(6,260)
Operating profit/(loss)	4	**1,772**	**73**	**1,845**	(290)	(187)	(477)
Net non operating income	5			**17,310**			-
Interest payable	6			**(48)**			(290)
Interest receivable	7			**1,213**			1,000
Other finance costs	21			**(1,609)**			(1,700)
Profit/(loss) on ordinary activities before taxation				**18,711**			(1,467)
Taxation	8			**(605)**			226
Retained profit/(sustained loss) for the year	19			**18,106**			(1,241)

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

AETC Limited

Statement of total recognised gains and losses for the year ended 31 March 2006

	Note	2006 £'000	2005 (as restated) £'000
Profit/(loss) for the financial year		**18,106**	(1,241)
Actuarial (loss)/gain on pension scheme		**(14,199)**	1,600
Movement on deferred tax relating to pension liability		**(2,906)**	(30)
Total recognised gains relating to the year		**1,001**	329
Prior year adjustment FRS17		**(22,400)**	
Total losses recognised since last report		**(21,399**	

AETC Limited

Balance sheets as at 31 March 2006

	Note	Group 2006 £'000	Company 2006 £'000	Group 2005 (as restated) £'000	Company 2005 (as restated) £'000
Fixed assets					
Intangible assets					
- goodwill	9	7,004	7,004	8,542	7,706
- other	9	-	-	497	-
		7,004	7,004	9,039	7,706
Tangible assets	10	16,224	16,224	16,886	16,886
Investments	11	-	-	-	-
		23,228	23,228	25,925	24,592
Current assets					
Stocks	12	8,193	8,193	7,944	7,944
Debtors	13	34,422	24,503	26,781	28,909
Cash at bank and in hand		3,854	3,833	4,929	4,908
		46,469	36,529	39,654	41,761
Creditors: amounts falling due within one year	14	(39,030)	(36,200)	(29,711)	(16,574)
Net current assets		7,439	329	9,943	25,187
Total assets less current liabilities		30,667	23,557	35,868	49,779
Creditors: amounts falling due after more than one year	15	(23,010)	(23,010)	(23,010)	(23,010)
Provisions for liabilities and charges	17	(988)	(988)	(410)	(410)
Net assets/(liabilities) excluding pension		6,669	(441)	12,448	26,359
Pension liability	21	(15,620)	(15,620)	(22,400)	(22,400)
Net assets/(liabilities) including pension		(8,951)	(16,061)	(9,952)	(3,959)
Capital and reserves					
Called up equity share capital	18	-	-	-	-
Profit and loss account	19	(8,951)	(16,061)	(9,952)	3,959
Total shareholders' (deficit)/funds	19	(8,951)	(16,061)	(9,952)	3,359

The financial statements on pages 7 and 25 were approved by the board of directors on 2007 and were signed on its behalf by

A Milner 8/8/07
Director

AETC Limited

Statement of accounting policies

Accounting convention
The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 1985 The financial statements have been prepared on a going concern basis as the parent undertaking has indicated its intention to provide financial support to the company A summary of the more important group accounting policies, is set out below

Basis of consolidation
The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiary undertakings The results of the businesses are consolidated from the effective date of their acquisition to the effective date of their sale

Change in accounting policies
The group has adopted FRS 17 'Retirement benefits', FRS 21 Events after the balance sheet' and FRS 25 'Financial Instruments Disclosure and presentation' in these financial statements The adoption of FRS 17 represents a change in accounting policy and the comparative figures have been restated accordingly Details of the effects of the prior year adjustment are given in note 22

The adoption of FRS 21 and FRS 25 do not have an impact on the financial statements

Intangible fixed assets
On acquisition of a business, fair values are attributed to the net assets acquired Goodwill arises when the fair value of the consideration given for a business exceeds such net assets Goodwill is capitalised and amortised through the profit and loss account over its estimated useful economic life of 20 years

When the fair value of the net assets acquired exceeds the fair value of the consideration for an acquisition, the difference is treated as negative goodwill and is capitalised and released through the profit and loss account over the period in which the non-monetary assets are recovered, whether through depreciation or sale

Know-how and patents, purchased as part of acquisitions, are capitalised and are being amortised through the profit and loss account over their estimated useful life of 20 years

Tangible fixed assets
Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned The principal annual rates used are

Freehold buildings	2% to 2½%
Leasehold buildings	Over the life of the lease
Plant and machinery	7½% to 15%
Fixtures and fittings	15% to 20%
Computers	20% to 33%
Motor vehicles	25%

Stocks
Stocks are stated at the lower of purchase cost and net realisable value Cost comprises the direct cost of purchasing, together with relevant labour and manufacturing costs Net realisable value is the estimated selling price reduced by all the costs of marketing, selling and distribution Provision is made, where necessary, for obsolete, slow-moving and defective stocks

AETC Limited

Statement of Accounting policies (continued)

Leasing and hire purchase commitments
Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events 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

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

Deferred tax assets are recognised only to the extent that they are regarded as recoverable such that it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Pension costs
The company operates a defined benefit pension scheme

Annual valuations are prepared by independent professionally qualified actuaries The last full valuation was performed as at 5 April 2003 and has been updated at 31March 2006 These valuations determine the level of contributions required to fund the benefits set out in the rules of the scheme and allow for the periodic increase in pensions in payment Following the full adoption of FRS 17, the regular service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service is charged to operating profit in the year

A credit representing the expected return on the assets of the scheme during the year is included within other finance expense This is based on the market value of the assets of the scheme at the start of the financial year A charge within other finance expense representing the expected increase in the liabilities of the scheme during the year is included within net interest This arises from the liabilities of the scheme being one year closer to payment

The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet net of deferred tax Differences between actual and expected returns on assets during the year are recognised in the statement of total recognised gains and losses in the year, together with differences arising from changes in assumptions

The subsidiary operated a defined contribution scheme The pension charge represented contributions payable by the company to the scheme

Foreign exchange
Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions or at the relevant forward contract rate

AETC Limited

Statement of Accounting policies (continued)

Revenue recognition
Turnover, representing the net sales value of goods supplied to customers, excluding value added tax, is recognised in the profit and loss account on transfer of the goods to customers

Cash flow statement
The group and company have taken advantage of the exemption granted under Financial Reporting Standard 1 (Revised) not to produce a cash flow statement, as the amounts are reported within the parent company's accounts, which are publicly available

Investments
In the company's financial statements, investments in group undertakings are stated at cost less any provision for impairment

AETC Limited

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

1 Turnover

Turnover represents the net invoiced value of goods and services supplied during the year excluding value added tax

The company has only one principal class of business, that of the manufacture, machining and repair of airfoils and gas turbine components Sales were made to the following geographical areas

	2006	2005
	£'000	£'000
Switzerland	**24,827**	27,987
United Kingdom	**11,503**	8,895
North America	**10,220**	7,322
Germany	**7,491**	4,855
Italy	**1,230**	1,871
Other European	**3,944**	4,662
Rest of world	**1,451**	338
	60,666	55,930

2 Directors' emoluments

	2006	2005
	£'000	£'000
Aggregate emoluments	**190**	135

Retirement benefits are accruing to one director (2005 one) under the defined benefits scheme

The emoluments of all of the directors except for P J Worsley and A Milner are paid by the ultimate parent company Their services to the company are of a non executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company Accordingly the above details include no emoluments in respect of these directors

AETC Limited

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

3 Employee information

	2006 Number	2005 Number
The average number of persons, including directors, employed by the group was	604	582

	2006 £'000	2005 (as restated) £'000
Staff costs were		
Wages and salaries	16,637	15,557
Social security costs	1,737	1,583
Pension costs (note 21)	2,022	2,012
	20,396	19,152

4 Operating profit/(loss)

	2006 £'000	2005 £'000
Operating profit/(loss) is stated after charging the following		
Auditors' remuneration		
- audit	62	60
- non-audit	8	6
Depreciation	2,352	2 589
Operating lease rentals		
- hire of plant and machinery	228	252
- other	312	312
Amortisation of intangible fixed assets		
- goodwill	702	758
- other	-	34
Amounts payable to the parent company	-	2,815

Audit fees include £50,000 (2005 £50,000) in respect of the company

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

5 Net non operating income

	2006 £'000	2005 £'000
Impairment of intangible assets (note 9)	(1,333)	-
Write off of loans and intercompany balances	18,643	-
	17,310	-

The write off of loans and intercompany balances relates primarily to a loan forgiven by the parent company on the termination of business of PCC Flow Technologies Limited The impairment of intangible assets is also consequential on the termination of this business

6 Interest payable

	2006 £'000	2005 £'000
Amounts payable to group undertakings	48	290

7 Interest receivable

	2006 £'000	2005 £'000
Interest on bank deposits	**188**	100
Interest on amounts due from group undertakings	**1,025**	900
	1,213	1,000

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

8 Taxation

	2006 £'000	2005 £'000
Current tax:		
Adjustment in respect of prior years	**27**	-
Total current tax credit	**27**	-
Deferred tax:		
Origination and reversal of timing differences	**578**	108
Adjustment in respect of prior years	-	(334)
Tax charge/(credit) on loss on ordinary activities	**605**	(226)

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

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	**18,711**	33
Profit on ordinary activities multiplied by standard rate in the UK of 30% (2005 30%)	**5,613**	10
Effects of		
Expenses not deductible for tax purposes	**1,819**	275
Accelerated capital allowances	**(255)**	(216)
Other timing differences	**(1,772)**	(447)
Losses not utilised	**471**	378
Non taxable write off of intercompany loan	**(5,876)**	
Adjustment to tax charge in respect of prior years	**27**	-
Current tax charge for the year	**27**	-

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

9 Intangible fixed assets

	Goodwill	Patents	Know-how	Total
	£'000	£'000	£'000	£'000
Group				
At 1 April 2005	8,542	135	362	9,039
Amortisation	(702)	-	-	(702)
Impairment	(836)	(135)	(362)	(1,333)
At 31 March 2006	**7,004**	**-**	**-**	**7,004**

	Goodwill	Patents	Know-how	Total
	£'000	£'000	£'000	£'000
Company				
At 1 April 2005	7,706	-	-	7,706
Amortisation	(702)	-	-	(702)
At 31 March 2006	**7,004**	**-**	**-**	**7,004**

As part of the Wouter Witzel acquisition the group acquired patent rights in relation to certain manufactured goods and processes within the business

During 2002, the related trade and assets and the production processes to which the know-how, patents and goodwill relate were transferred to a fellow subsidiary of the ultimate parent company, Precision Castparts Corp In prior years the directors of the subsidiary company, PCC Flow Technologies Limited, received confirmation from Precision Castparts Corp that it was their intention to transfer the goodwill, know-how and patents at book value such that the carrying value was not considered to be impaired within this company This confirmation has not been received in 2006 Therefore, the directors consider that the goodwill in respect of the Wouter Witzel acquisition and the patents and know-how potentially have no value to the company and as a consequence believe that full amortisation in the current year is required

AETC Limited

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

10 Tangible fixed assets

Group and Company

	Freehold land and buildings	Short leasehold buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Computers	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2005	5,677	1,213	31,071	488	1,301	39,750
Additions	-	-	1,582	-	108	1,690
At 31 March 2006	**5,677**	**1,213**	**32,653**	**488**	**1,409**	**41,440**
At 1 April 2005	1,119	955	19,240	261	1,289	22,864
Charge for the year	98	70	2,106	67	11	2,352
At 31 March 2006	**1,217**	**1,025**	**21,346**	**328**	**1,300**	**25,216**
Net book amount						
At 31 March 2006	**4,460**	**188**	**11,307**	**160**	**109**	**16,224**
At 31 March 2005	4,558	258	11,831	227	12	16,886

Plant and machinery at 31 March 2006 included £1,609,000 (2005 £76,000) in respect of deposits on machines

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

11 Investments

Company	Interests in group undertakings
	£'000
Cost	
At 1 April 2005 and 31 March 2006	5,319
Amounts written off investments	
At 1 April 2005 and 31 March 2006	5,319
Net book amount	
At 1 April 2005 and 31 March 2006	-

The company's investment is in the entire equity share capital of PCC Flow Technologies Limited, a company registered in Scotland The principal activity of PCC Flow Technologies Limited was the manufacture of valves and actuators From December 2003 the company operated on a cost plus commission basis in respect of the sale of valves and actuator parts on behalf of a fellow subsidiary The company ceased to trade on 7 December 2005

12 Stocks

Group and Company	2006	2005
	£'000	£'000
Raw materials and consumables	**2,167**	2,323
Work in progress	**6,026**	5,621
	8,193	7,944

13 Debtors

	Group 2006 £'000	Company 2006 £'000	Group 2005 £'000	Company 2005 £'000
Trade debtors	**10,439**	**10,439**	11,236	11,213
Amounts owed by group undertakings	**22,063**	**12,144**	13,536	15,718
Other debtors	**1,036**	**1,036**	1,259	1,252
Prepayments	**884**	**884**	750	726
	34,422	**24,503**	26,781	28,909

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

14 Creditors – amounts falling due within one year

	Group 2006 £'000	Company 2006 £'000	Group 2005 £'000	Company 2005 £'000
Trade creditors	**8,913**	**8,913**	7,653	7,631
Other taxation and social security	**574**	**574**	545	544
Other creditors	**1,856**	**1,663**	1,486	1,317
Accruals and deferred income	**3,872**	**3,860**	1,992	1,894
Amounts due to fellow subsidiary undertakings	**23,815**	**21,190**	18,035	5,188
	39,030	**36,200**	29,711	16,574

The amount due to the ultimate parent undertaking is interest bearing at 6% and is repayable on demand

15 Creditors –amounts falling due after more than one year

	Group 2006 £'000	Company 2006 £,000	Group 2005 £'000	Company 2005 £'000
Amounts due to ultimate parent undertaking	**23,010**	**23,010**	23,010	23,010

Amounts due to the ultimate parent undertaking at 31 March 2006 include a cash advance of £3,000,000 (2005 £3,000,000) and a capital contribution of £20,010,000 (2005 £20,010,000) These amounts are unsecured, have no fixed repayment date and are interest free

16 Financial commitments

Operating leases	2006 Land and buildings £'000	2006 Other £'000	2005 Land and buildings £'000	2005 Other £'000
Annual commitments which expire				
Within one year	-	-	-	5
Between two and five years	**312**	**205**	312	223
	312	**205**	312	228

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

17 Provisions for liabilities and charges

Group and company	Deferred tax £'000
At 1 April 2005	410
Charged during the year	578
At 31 March 2006	**988**

The deferred tax provision may be analysed as follows

Provision for deferred tax	2006 £'000	2005 £'000
Accelerated capital allowances	**1,028**	1,090
Losses	**(1,448)**	(580)
Short term timing differences	**1,408**	(100)
	988	410

In addition, the group has an unrecognised potential deferred tax asset amounting to £621,000 (2005 £1,102,000) relating to a subsidiary undertaking This has not been recognised since the directors consider that there is insufficient evidence as to the timing of future deductions and the likelihood or otherwise of suitable taxable profits at this time

18 Called up equity share capital

	2006 £	2005 £
Authorised		
100 ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid		
10 ordinary shares of £1 each	**10**	10

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

19 Reconciliation of movements in shareholders' (deficit)/funds

The company has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985 The amount of the consolidated profit for the year dealt with in the accounts, arising from the parent company was a loss of £2,915,000 (2005 loss of £957,000) as restated

	Group 2006 £'000	Company 2006 £'000	Group 2005 (as restated) £'000	Company 2005 (as restated) £'000
Profit/(loss) for the year	**18,106**	**(2,915)**	1,241	(957)
Actuarial (loss)/gain on pensions scheme	**(14,199)**	**(14,199)**	1,600	1,600
Movement on deferred tax relating to pension scheme	**(2,906)**	**(2,906)**	(30)	(30)
Net increase/(decrease) in shareholders funds	**1,001**	**(20,020)**	329	613
Opening equity shareholders' (deficit)/funds as previously reported	**(9,952)**	**3,959**	12,189	25,816
Prior year adjustment – FRS17	**-**	**-**	(22,470)	(22,470)
Opening equity shareholder's funds as restated	**-**	**-**	(10,281)	3,346
Closing equity shareholders' (deficit)/funds	**(8,951)**	**(16,061)**	(9,952)	3,959

20 Capital commitments

Group and Company	**2006 £'000**	2005 £'000
Contracts placed	**308**	270

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

21 Pensions

The company operates a defined benefit pension scheme and the company's subsidiary operates a defined contribution pension scheme

Defined benefit pension scheme

A full actuarial valuation was carried out as at 5 April 2003 by a qualified independent actuary, using the projected unit method The actuarial valuation has been updated at 31 March 2006 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS17 Investments have been valued for this purpose at market value

	2006	2005	2004
	%	%	%
Rate of increase in salaries	**3.75**	3 5	3 5
Rate of increase in pensions in payment	**3.10**	2 75	2 75
Discount rate	**4.9**	5 5	5 5
Inflation	**3.0**	2 75	2 75

The market value of the assets in the scheme, the weighted average and the expected rates of return at the balance sheet date were

	31 March 2006		31 March 2005		31 March 2004	
	Expected rate of return	**Market value**	Expected rate of return	Market value	Expected rate of return	Market value
	%	**£'000**	%	£'000	%	£'000
Equities	**7.5**	**30,322**	7 75	20,300	7 75	17,100
Bonds	**4.25**	**48,733**	4 75	35,900	4 75	34,400
Cash and other assets	**4.5**	**15,846**	4 75	6,500	4 25	5,700
Total market value of assets		**94,901**		62,800		57,200
Present value of scheme liabilities		**117,215**		(94,800)		(89,300)
Deficit in the scheme		**(22,314)**		(32,000)		(32,100)
Related deferred tax asset		**6,694**		9,600		9,630
Net pension liability		**(15,620)**		(22,400)		(22,470)

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

21 Pensions (continued)

Analysis of the amount charged to operating profit

	2006 £'000	2005 £'000
Current service cost	**2,022**	2,000

Analysis of the amount charged to other finance income

	2006 £'000	2005 £'000
Interest on pension scheme liabilities	**5,237**	4,900
Expected return on pension scheme assets	**(3,628)**	(3,200)
Net return	**1,609**	1,700

Analysis of the amount recognised in the statement of total recognised gains and losses

	2006 £'000	2005 £'000
Actual return less expected return on pension scheme assets	**2,240**	1,600
Changes in assumptions underlying the present value of the scheme liabilities	**(16,439)**	-
Actuarial (loss)/gain recognised	**14,199**	1,600

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

21 Pensions (continued)

Analysis of movement in deficit during the year

	2006 £'000	2005 £'000
Deficit in the scheme at beginning of year	**(32,000)**	(32,100)
Current service cost	**(2,022)**	(2,000)
Employer contributions	**27,516**	2,200
Other finance expense	**(1,609)**	(1,700)
Actuarial (loss)/ gain	**(14,199)**	1,600
Deficit in the scheme at end of year	**(22,314)**	(32,000)

History of experience gains and losses

	2006 £'000	2005 £'000	2004 £'000
Difference between the actual and expected return on scheme assets:			
Amount	**2,240**	1 600	1,100
Percentage of scheme assets at year end	**2.4%**	2 5%	1 9%
Experience gains and losses of scheme liabilities:			
Amount	-	-	5,300
Percentage of the present value of the scheme liabilities at year end	-	-	5 9%
Total amount that would have been recognised in the statement of total recognised gains and losses under FRS17			
Amount	**(14,199)**	1,600	3,200
Percentage of the present value of the scheme liabilities at year end	**(12.1%)**	1 7%	3 6%

Defined contribution pension scheme

The subsidiary undertaking operated a defined contribution scheme The assets of the scheme are held separately from those of the company in an independently administered fund No contributions were made to the scheme during the year ended 31 March 2006 During the year ended 31 March 2005 the contributions payable by the company to the fund and amounted to £12,000

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

22 Prior year adjustment

The company has adopted FRS17 'Retirement benefits' in the financial statements The adoption of this new standard represents a change in accounting policy and the comparative figures have been restated accordingly The effect of the charge is accounting policy to adopt FRS17 has been to reduce net assets by £15,620,000 (2005 £22,400,000) to decrease staff costs by £513,000 (2005 decrease of £334,000) and increase other finance costs by £160,900 (2005 increase of £170,000)

23 Ultimate parent undertaking and related parties

The ultimate parent undertaking and ultimate controlling party is Precision Castparts Corp, a company incorporated in the United States of America Copies of the accounts of Precision Castparts Corp may be obtained by writing to Precision Castparts Corp, Corporate Office, 4650 SW Macadam Avenue, Suite 440, Portland, Oregon 97201-4254, United States of America

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard No 8 ' Related Party Disclosures", as the consolidated accounts of Precision Castparts Corp in which the company is included are available at the address noted above