

COMPANY REGISTRATION NUMBER 3573726

**DUNLOP AEROSPACE GROUP LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL**  
**STATEMENTS**

**31 DECEMBER 2007**

WEDNESDAY



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**DUNLOP AEROSPACE GROUP LIMITED**  
**DIRECTORS' REPORT & FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2007**

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# **DUNLOP AEROSPACE GROUP LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

**Directors**

M L Young  
P E Green

**Company secretary**

M L Thomas

**Registered office**

Atlantic House  
Aviation Park West  
Bournemouth International Airport  
Christchurch  
Dorset  
BH23 6EW

**Auditor**

PricewaterhouseCoopers LLP  
Chartered Accountants  
& Registered Auditors  
9 Greyfriars Road  
Reading  
Berkshire  
RG1 1JG

# **DUNLOP AEROSPACE GROUP LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2007**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2007

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is to serve as an intermediate holding company. The company does not trade on its own account but its subsidiary undertakings carry out trading activities in the aerospace industry. The directors consider that company development has been satisfactory and is expected to continue to be so.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £13,904,000 (2006 £366,000). Particulars of dividends paid are detailed in note 7 to the financial statements.

#### **DIRECTORS**

The directors who served the company during the year were as follows:

M L Young

P E Green

D H Clark

(Resigned 31 May 2007)

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' 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 judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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.

The directors have the benefit of "qualifying third party indemnity provisions" for the purposes of sections 309A to 309C of the Companies Act 1985.

# **DUNLOP AEROSPACE GROUP LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2007**

### **AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS**

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The Company has dispensed with the requirement to appoint auditors annually under s386 of the Companies Act 1985

Approved by the Board of Directors on 23 October 2008 and signed on its behalf by



M L Thomas  
Secretary

# **DUNLOP AEROSPACE GROUP LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF DUNLOP AEROSPACE GROUP LIMITED**

**YEAR ENDED 31 DECEMBER 2007**

We have audited the financial statements of Dunlop Aerospace Group Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

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 judgements 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.

# DUNLOP AEROSPACE GROUP LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF DUNLOP AEROSPACE GROUP LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2007

### 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 2007 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



PricewaterhouseCoopers LLP  
Chartered Accountants & Registered Auditors  
Reading

24/10/08

# **DUNLOP AEROSPACE GROUP LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £000	2006 £000
Income from shares in group undertakings	4	13,520	—
Interest receivable and similar income	5	549	523
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>14,069</b>	<b>523</b>
Tax on profit on ordinary activities	6	(165)	(157)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	13	<b>13,904</b>	<b>366</b>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

There is no material difference between the profit on ordinary activity before tax and the profit for the financial year stated above and their historical cost equivalents

The notes on pages 8 to 12 form part of these financial statements



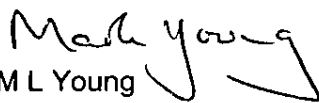
# DUNLOP AEROSPACE GROUP LIMITED

## BALANCE SHEET

31 DECEMBER 2007

	Note	2007 £000	2006 £000
<b>FIXED ASSETS</b>			
Investments	8	<u>160,000</u>	<u>160,000</u>
<b>CURRENT ASSETS</b>			
Debtors	9	<u>11,795</u>	<u>12,058</u>
<b>CREDITORS: Amounts falling due within one year</b>	10	<u>(165)</u>	<u>(157)</u>
<b>NET CURRENT ASSETS</b>		<u>11,630</u>	<u>11,901</u>
<b>NET ASSETS</b>		<u>171,630</u>	<u>171,901</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	12	<u>85,431</u>	<u>85,431</u>
Share premium account	13	<u>12,500</u>	<u>12,500</u>
Profit and loss account	13	<u>73,699</u>	<u>73,970</u>
<b>TOTAL SHAREHOLDER'S FUNDS</b>	14	<u>171,630</u>	<u>171,901</u>

These financial statements on pages 6 to 12 were approved by the Board of Directors on 23 October 2008 and are signed on its behalf by

  
M L Young  
Director

The notes on pages 8 to 12 form part of these financial statements

# **DUNLOP AEROSPACE GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2007**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The principal accounting policies, which have been consistently applied during the year, are set out below.

#### **Cash flow statement**

The company is a wholly owned subsidiary company of a group headed by Meggitt PLC, and is included in the consolidated accounts of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement.

#### **Investments**

Investments held as fixed assets are stated at cost less provision for impairment in value arising from an annual review.

The company is a wholly-owned subsidiary of Meggitt PLC and is included in the consolidated financial statements of Meggitt PLC which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 228 of the Companies Act 1985. Accordingly the information presented in the financial statements relates to the company as an individual entity.

### **2. AUDITORS REMUNERATION**

Audit fees are borne by another group company which makes no recharge to the company, as it is not possible to make an accurate apportionment of the fees in respect of each of the subsidiaries.

### **3. PARTICULARS OF EMPLOYEES**

The company has no employees (2006: none).

Directors' remuneration from the company was £nil (2006: £nil).

The directors in office at the year end do not receive remuneration or retirement benefits from the company, however retirement benefits are accruing to those directors under separate defined benefit pension schemes to which contributions are made by fellow group undertakings.

One of the directors exercised options in the shares of the ultimate holding company, Meggitt PLC, during the year (2006: three).

# DUNLOP AEROSPACE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2007 £000	2006 £000
Income from group undertakings	<u>13,520</u>	<u>—</u>

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 £000	2006 £000
Interest from group undertakings	<u>549</u>	<u>523</u>

### 6. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2007 £000	2006 £000
Current tax		
UK Corporation tax based on the results for the year	<u>165</u>	<u>157</u>
Total current tax	<u>165</u>	<u>157</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than (2006 same as) the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are explained below

	2007 £000	2006 £000
Profit on ordinary activities before taxation	<u>14,069</u>	<u>523</u>
Profit on ordinary activities multiplied by standard rate in the UK 30% (2006 30%)	<u>4,221</u>	<u>157</u>
Permanent differences	<u>(4,056)</u>	<u>—</u>
Total current tax (note 6(a))	<u>165</u>	<u>157</u>

#### (c) Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK changes to 28% with effect from 1 April 2008

# DUNLOP AEROSPACE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 7. DIVIDENDS

#### Equity dividends

	2007 £000	2006 £000
Paid during the year		
Equity dividends on ordinary shares	<u>14,175</u>	<u>—</u>

On 21 December 2007 the directors approved the payment of an interim dividend of 8 30p per 50p ordinary share totalling £14,175,000

### 8. INVESTMENTS

#### Shares in subsidiary

£000

#### Cost and net book value

At 1 January 2007 and 31 December 2007	<u>160,000</u>
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The company's subsidiary undertakings at 31 December 2007 were as follows

#### Intermediate Holding and Management Services companies

Dunlop Aerospace Holdings Limited - England & Wales  
Dunlop Aerospace (UK) Limited - England & Wales  
Dunlop Aerospace Overseas Investments Limited - England & Wales  
Dunlop Limited - England & Wales  
Dunlop Holdings Limited - England & Wales  
Dunlop Aerospace Overseas Limited - England & Wales  
Meggitt (Hurn) Limited - England & Wales

#### Design and Manufacturing

Meggitt Aerospace Limited - England & Wales  
Meggitt Aerospace Asia Pacific Limited - Singapore  
Meggitt Aerospace Services S A - Belgium

#### Dormant

Serck Aviation Limited - England & Wales

All subsidiary undertakings are wholly owned and in each case the investments held represent the entire issued share capital (equity and non-equity) of the individual subsidiary undertakings. All investments are held indirectly through subsidiary undertakings other than Dunlop Aerospace Holdings Limited, whose investment is directly held by the company. Companies are incorporated in the countries shown.

Group financial statements have not been prepared because the company is a wholly owned subsidiary of Meggitt PLC, a company registered in England & Wales. As a result, the financial statements present information about the company as an individual undertaking and not about its group. In the opinion of the directors the value of the company's investments in its subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

# DUNLOP AEROSPACE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 9. DEBTORS

	2007 £000	2006 £000
Amounts owed by group undertakings	<u>11,795</u>	<u>12,058</u>

Amounts due from group undertakings have no fixed terms of repayment, are unsecured and interest bearing

### 10. CREDITORS: Amounts falling due within one year

	2007 £000	2006 £000
Group relief payable	<u>165</u>	<u>157</u>

### 11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Meggitt PLC, whose accounts are publicly available

### 12. SHARE CAPITAL

Authorised share capital:

	2007 £000	2006 £000
190,862,000 Ordinary shares of £0 50 each	95,431	95,431
2,045,455 'B' Ordinary shares of £0 50 each	<u>1,023</u>	<u>1,023</u>
	<u>96,454</u>	<u>96,454</u>

Allotted, called up and fully paid:

	2007 £000	2006 £000
170,862,000 Ordinary shares of £0 50 each	<u>85,431</u>	<u>85,431</u>

### 13. RESERVES

	Share premium account £000	Profit and loss account £000
Balance at 1 January 2007	12,500	73,970
Profit for the year	—	13,904
Equity dividends	—	<u>(14,175)</u>
Balance at 31 December 2007	<u>12,500</u>	<u>73,699</u>

# **DUNLOP AEROSPACE GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2007**

### **14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Profit for the financial year	<b>13,904</b>	366
Conversion of redeemable preference shares	–	77,931
Equity dividends	<b>(14,175)</b>	–
Net (reduction)/addition to shareholder's funds	<b>(271)</b>	78,297
Opening shareholder's funds	<b>171,901</b>	93,604
Closing shareholder's funds	<b>171,630</b>	171,901

### **15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

Meggitt Acquisition Limited is the immediate parent undertaking of Dunlop Aerospace Group Limited. The company's ultimate parent undertaking and controlling party is Meggitt PLC, a company incorporated in England & Wales. Copies of the group financial statements of Meggitt PLC are publicly available from Meggitt PLC, Atlantic House, Aviation Park West, Bournemouth International Airport, Christchurch, Dorset BH23 6EW.