
ROSEMOUNT AEROSPACE PROPERTIES LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2007

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ROSEMOUNT AEROSPACE PROPERTIES LTD

COMPANY INFORMATION

DIRECTORS

S Bottomley
R Fulton
S Geib
H Goldson (resigned 1 December 2007)
R Newbould (appointed 1 December 2007)

SECRETARIES

S Geib
L G Gormly (resigned 27 March 2007)
V Lichtenberger (appointed 3 April 2007)

COMPANY NUMBER

4614379

REGISTERED OFFICE

Stratford Road
Solihull
B90 4LA

AUDITORS

Ernst & Young LLP
Registered auditor
George House
50 George Square
Glasgow
G2 1RR

BANKERS

Bank of America
5 Canada Square
London
E14 5AQ

ROSEMOUNT AEROSPACE PROPERTIES LTD

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ROSEMOUNT AEROSPACE PROPERTIES LTD

DIRECTORS' REPORT for the year ended 31 December 2007

The directors present their report and the financial statements for the year ended 31 December 2007

FUNCTIONAL CURRENCY

The functional currency of the company is US dollars and the accounts have been prepared accordingly

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to \$2,443,408 (2006 - \$1,320,056)

There were no ordinary dividends proposed, declared or paid in the year (2006 - \$ Nil)

PRINCIPAL ACTIVITIES

The company's principal activity during the period was the rental of property

BUSINESS REVIEW

The key financial and other performance indicators during the year were as follows

	2007 \$'000	2006 \$'000	Change %
Turnover	4,557	4,557	0%
Total operating profit before tax	1,702	1,826	(7%)
Profit after tax	2,443	1,320	85%
Shareholders' funds	20,834	18,390	13%
Current assets as % of current liabilities	7 2%	2 9%	148%

Operating profit before tax has decreased by 7% due to a reduction in foreign exchange gains which have arisen on intercompany loan balances due to movements in the US Dollar to Sterling rates compared with 2006

Profit after tax has increased by 85% due to a reduction in the corporation tax charge for 2007 compared with 2006 and the deferred tax credit arising due to the revised treatment of industrial buildings allowances in 2007

The company's "quick ratio" (current assets as a percentage of current liabilities) has increased due to an increase in the cash balance held at the 31 December 2007 compared with 2006

ROSEMOUNT AEROSPACE PROPERTIES LTD

DIRECTORS' REPORT for the year ended 31 December 2007

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are grouped as financial risks, foreign currency risks and liquidity risks

Financial Risks

The company's policy does not permit trading in any financial instruments. The company's principal financial instruments comprise of cash and short term deposits and/or borrowings, the main purpose of which is to provide finance for its normal trading operations and to reduce the impact of currency exchange rate movements on trading results.

Foreign Currency Risks

The company has significant levels of intercompany payables denominated in currencies other than sterling. As a result, the value of the company's non-sterling denominated revenues, payments, financial assets and liabilities and cash flows can be significantly affected by movement in exchange rates in general and in Sterling in particular.

The company manages its exposure to currency movements by working with the Group's Treasury department to review the impact of exchange rate fluctuations.

Liquidity Risks

The company aims to mitigate liquidity risk by managing cash generation by its operations, as such the company participates in the overall world-wide group funding strategy managed at corporate treasury level. The company participates in a UK cash pool. The objective is to maintain a balance between continuity of funding and flexibility.

DIRECTORS

The directors who served during the year were

S Bottomley

R Fulton

S Geib

H Goldson (resigned 1 December 2007)

R Newbould (appointed 1 December 2007)

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on

26.2.08

and signed on its behalf

Director



ROSEMOUNT AEROSPACE PROPERTIES LTD

STATEMENT OF DIRECTORS' RESPONSIBILITIES
for the year ended 31 December 2007

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 the affairs of the company and of the surplus or deficit 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.

ROSEMOUNT AEROSPACE PROPERTIES LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROSEMOUNT AEROSPACE PROPERTIES LTD

We have audited the financial statements of Rosemount Aerospace Properties Ltd for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 17, set out on pages 6 to 14. These financial statements have been prepared in accordance with 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.

ROSEMOUNT AEROSPACE PROPERTIES LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROSEMOUNT AEROSPACE
PROPERTIES LTD

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

Ernst & Young LLP
ERNST & YOUNG LLP

Registered auditor
Glasgow

Date *29 February 2008.*

ROSEMOUNT AEROSPACE PROPERTIES LTD

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2007

	Note	2007 \$	2006 \$
TURNOVER	2	4,556,720	4,556,720
Administrative expenses		<u>(925,576)</u>	<u>(708,803)</u>
OPERATING PROFIT	3	3,631,144	3,847,917
Interest payable	5	<u>(1,928,771)</u>	<u>(2,021,983)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,702,373	1,825,934
Tax on profit on ordinary activities	7	<u>741,035</u>	<u>(505,878)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	13	<u>2,443,408</u>	<u>1,320,056</u>

All amounts relate to continuing operations

The notes on pages 9 to 14 form part of these financial statements

ROSEMOUNT AEROSPACE PROPERTIES LTD

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2007

	2007	2006
	\$	\$
PROFIT FOR THE FINANCIAL YEAR	2,443,408	1,320,056
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	2,443,408	1,320,056

The notes on pages 9 to 14 form part of these financial statements

ROSEMOUNT AEROSPACE PROPERTIES LTD

BALANCE SHEET
as at 31 December 2007

	Note	\$	2007 \$	\$	2006 \$
FIXED ASSETS					
Tangible fixed assets	8		52,287,276		53,253,840
CURRENT ASSETS					
Debtors	9	-		323,584	
Cash at bank		2,282,540		657,133	
		<u>2,282,540</u>		<u>980,717</u>	
CREDITORS: amounts falling due within one year	10	(31,906,288)		(33,273,402)	
NET CURRENT LIABILITIES			(29,623,748)		(32,292,685)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>22,663,528</u>		<u>20,961,155</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	11		(1,830,012)		(2,571,047)
NET ASSETS			<u>20,833,516</u>		<u>18,390,108</u>
CAPITAL AND RESERVES					
Called up share capital	12		159		159
Share premium account			14,999,841		14,999,841
Profit and loss account	13		5,833,516		3,390,108
SHAREHOLDERS' FUNDS	14		<u>20,833,516</u>		<u>18,390,108</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Director  26.1.08

The notes on pages 9 to 14 form part of these financial statements

ROSEMOUNT AEROSPACE PROPERTIES LTD

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of Rosemount Aerospace Properties Ltd were approved for issue by the Board of Directors on 26th February 2008

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The financial statements have been prepared under the going concern concept because the company will continue to receive financial support from a parent undertaking, Goodrich Luxembourg S A R L , which has agreed to provide adequate funds for the company to meet its liabilities as they fall due

1.2 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with Financial Reporting Standard 1

1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	2.5%	40 years
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1.4 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if 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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.5 RENTAL INCOME

Rental income from operating leases, excluding charges for service, is recognised on a straight-line basis over the period of the lease

ROSEMOUNT AEROSPACE PROPERTIES LTD

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

1. ACCOUNTING POLICIES (continued)

1.6 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

2. TURNOVER

An analysis of turnover by class of business is as follows

	2007 \$	2006 \$
Operating lease rental income	4,556,720	4,556,720
All turnover arose within the United Kingdom		

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2007 \$	2006 \$
Depreciation of tangible fixed assets		
- owned by the company	966,564	966,564
Difference on foreign exchange	(55,205)	(272,577)

4. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2006 - \$NIL)

5. INTEREST PAYABLE

	2007 \$	2006 \$
Bank interest payable	39,467	177,563
Bank charges	3,228	3,000
On loans from group undertakings	1,886,076	1,841,420
	1,928,771	2,021,983

ROSEMOUNT AEROSPACE PROPERTIES LTD

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

6. AUDITOR'S REMUNERATION

	2007 \$	2006 \$
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>5,291</u>	<u>5,624</u>

7. TAXATION

	2007 \$	2006 \$
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	-	79,577
DEFERRED TAX		
Deferred tax credit	(574,155)	549,908
Adjustments in respect of prior periods	4,846	(123,607)
Effect of decreased tax rate on opening liability	(171,726)	-
TOTAL DEFERRED TAX (see note 11)	<u>(741,035)</u>	<u>426,301</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>(741,035)</u>	<u>505,878</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2006 - lower than) the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 \$	2006 \$
Profit on ordinary activities before tax	<u>1,702,373</u>	<u>1,825,934</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	510,712	547,780
EFFECTS OF:		
Expenses not deductible for tax purposes	191,401	88,203
Accelerated capital allowances	(518,939)	(549,910)
Group relief received for no payment	(146,106)	(86,073)
Decreased tax rate on deferred tax balances	(37,068)	-
Adjustments to tax charge in respect of prior periods	-	79,577
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u>-</u>	<u>79,577</u>

ROSEMOUNT AEROSPACE PROPERTIES LTD

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

7. TAXATION (continued)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Capital allowances are currently being claimed in excess of depreciation and whether this continues to be the case in future will depend on the level of investment by the company in qualifying fixed assets

The standard rate of corporation tax in the UK changes to 28% with effect from 1 April 2008. The total deferred tax liability has reduced as a result of this change in rate. Future tax charges are expected to reduce as a result of this change in rate.

8. TANGIBLE FIXED ASSETS

	Freehold Land and buildings \$
COST	
At 1 January 2007 and 31 December 2007	56,959,000
DEPRECIATION	
At 1 January 2007	3,705,160
Charge for the year	966,564
At 31 December 2007	4,671,724
NET BOOK VALUE	
At 31 December 2007	52,287,276
At 31 December 2006	53,253,840

Included in land and buildings is land with a cost of \$18,296,690 which is not depreciated

The company has no assets held under finance leases or hire purchase contracts
All fixed assets are held for the purpose of leasing to other related undertakings

9. DEBTORS

	2007 \$	2006 \$
Amounts owed by group undertakings	-	323,284
VAT	-	300
	-	323,584

ROSEMOUNT AEROSPACE PROPERTIES LTD

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

10 CREDITORS.
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	\$	\$
Bank loans and overdrafts	3,635,361	2,273,200
Amounts owed to group undertakings	28,265,596	30,994,723
Corporation tax	2	-
VAT	11	-
Accruals and deferred income	5,318	5,479
	<u>31,906,288</u>	<u>33,273,402</u>

11 DEFERRED TAXATION

	2007	2006
	\$	\$
At 1 January 2007	2,571,047	2,144,746
(Released during)/charge for the year	(569,309)	426,301
Effect of decreased tax rate on opening liability	(171,726)	-
	<u>1,830,012</u>	<u>2,571,047</u>

The provision for deferred taxation is made up as follows

	2007	2006
	\$	\$
Accelerated capital allowances	<u>1,830,012</u>	<u>2,571,047</u>

12. SHARE CAPITAL

	2007	2006
	\$	\$
AUTHORISED		
1,000 Ordinary Shares shares of £1 each	<u>1,000</u>	<u>1,000</u>
ALLOTTED, CALLED UP AND FULLY PAID		
159 Ordinary Shares shares of £1 each	<u>159</u>	<u>159</u>

ROSEMOUNT AEROSPACE PROPERTIES LTD

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

13 RESERVES

	Profit and loss account \$
At 1 January 2007	3,390,108
Profit for the year	2,443,408
	<hr/>
At 31 December 2007	5,833,516
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14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007 \$	2006 \$
Opening shareholders' funds	18,390,108	17,070,052
Profit for the year	2,443,408	1,320,056
	<hr/>	<hr/>
Closing shareholders' funds	20,833,516	18,390,108
	<hr/>	<hr/>

15 CONTINGENT LIABILITIES

As part of a multilateral guarantee, the company has entered an agreement with the bank, its parent undertaking, fellow subsidiaries and other related companies. Under this agreement, the company is party to a cross-undertaking on a limited number of specified accounts, limited to the credit balance standing within a group wide cash pooling facility.

The company participates in a cash pooling arrangement with a group of UK Goodrich companies. At 31 December 2007 there was a cash pool surplus of £16,112,740 (2006 - surplus £5,777,102) representing the bank balances of all the group companies.

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions of Financial Reporting Standard 8, not to disclose transactions with other group entities, as it is a wholly owned subsidiary undertaking of a company that is to prepare consolidated financial statements.

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Rosemount Aerospace Limited, a company registered in England and Wales.

The company's ultimate parent undertaking is Goodrich Corporation which is incorporated in the United States of America. The only group of which the company is a member and for which group financial statements are prepared is that headed by Goodrich Corporation. Copies of the 2007 Annual Report of Goodrich Corporation can be obtained from 2730 West Tyvola Road, Charlotte, North Carolina, 28217, USA.