

Registered number: 4614379

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## ROSEMOUNT AEROSPACE PROPERTIES LTD

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### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2008

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## ROSEMOUNT AEROSPACE PROPERTIES LTD

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### COMPANY INFORMATION

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<b>DIRECTORS</b>	S Bottomley R Fulton S Geib R Newbould
<b>COMPANY NUMBER</b>	4614379
<b>REGISTERED OFFICE</b>	Stratford Road Solihull West Midlands B90 4LA
<b>AUDITORS</b>	Ernst & Young LLP George House 50 George Square Glasgow G2 1RR
<b>BANKERS</b>	Bank of America 5 Canada Square London E14 5AQ

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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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## ROSEMOUNT AEROSPACE PROPERTIES LTD

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### DIRECTORS' REPORT for the year ended 31 December 2008

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The directors present their report and the financial statements for the year ended 31 December 2008.

#### FUNCTIONAL CURRENCY

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

#### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to \$5,509,578 (2007 - profit \$2,443,408).

There were no ordinary dividends proposed, declared or paid in the year (2007 – \$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:

	2008 \$'000	2007 \$'000	Change \$'000
Turnover	4,557	4,557	0%
Total operating (loss)/profit before tax	(6,007)	1,702	(453%)
(Loss)/profit after tax	(5,510)	2,443	(326%)
Shareholders' funds	15,324	20,834	(26%)
Current assets as % of current liabilities	21.5%	7.2%	199%

As of 31 December 2008, two of the properties owned by the company, and previously rented to fellow subsidiaries of the Goodrich Corporation, were re-let to a third party lessee. Independent valuations obtained as part of the lease negotiations indicated that, as a result of a significant deterioration in the commercial property market, the net book values of the properties may have been impaired. A full impairment review was carried out in accordance with the requirements of Financial Reporting Standard 11 "Impairment of Fixed Assets and Goodwill". This resulted in an impairment loss of \$9,684,798 being reflected in the results for the year ended 31 December 2008.

The directors' are satisfied with the results for the year.

The company intends to continue with its activities and have no plans for substantially developing the business activities.

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## **ROSEMOUNT AEROSPACE PROPERTIES LTD**

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### **DIRECTORS' REPORT for the year ended 31 December 2008**

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#### **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  
R Newbould

#### **QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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**DIRECTORS' REPORT**  
**for the year ended 31 December 2008**

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**PROVISION OF INFORMATION TO AUDITORS**

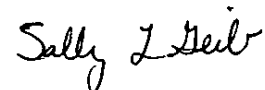
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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, are deemed to be reappointed in accordance with section 487(2) of the Companies Act 2006 by virtue of an elective resolution passed by the members on 27 February 2007.

This report was approved by the board and signed on its behalf.

  
Director

Date: 10 March 2009

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## **ROSEMOUNT AEROSPACE PROPERTIES LTD**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES for the year ended 31 December 2008**

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The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 and the Companies Act 2006. 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.

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## **ROSEMOUNT AEROSPACE PROPERTIES LTD**

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

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We have audited the financial statements of Rosemount Aerospace Properties Ltd for the year ended 31 December 2008 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 7 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 and Companies Act 2006. 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.



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ROSEMOUNT AEROSPACE PROPERTIES LTD

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

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**OPINION**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and Companies Act 2006; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

**ERNST & YOUNG LLP**  
Registered auditor  
Glasgow

Date: 10 March, 2009

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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2008

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	Note	2008 \$	2007 \$
<b>TURNOVER</b>	2	4,556,720	4,556,720
Administrative expenses		(9,139,824)	(925,576)
<b>OPERATING (LOSS)/PROFIT</b>	3	(4,583,104)	3,631,144
Interest payable	5	(1,423,991)	(1,928,771)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(6,007,095)	1,702,373
Tax on (loss)/profit on ordinary activities	7	497,517	741,035
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	13	(5,509,578)	2,443,408

All amounts relate to continuing operations.

The notes on pages 10 to 15 form part of these financial statements.

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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 31 December 2008**

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	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	<b>(5,509,578)</b>	<b>2,443,408</b>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>(5,509,578)</b>	<b>2,443,408</b>

The notes on pages 10 to 15 form part of these financial statements.

**ROSEMOUNT AEROSPACE PROPERTIES LTD**

**BALANCE SHEET**  
as at 31 December 2008

	Note	\$	2008 \$	\$	2007 \$
<b>FIXED ASSETS</b>					
Tangible fixed assets	8		41,635,914		52,287,276
<b>CURRENT ASSETS</b>					
Debtors	9	33		-	
Cash at bank		6,838,188		2,282,540	
		<u>6,838,221</u>		<u>2,282,540</u>	
<b>CREDITORS:</b> amounts falling due within one year	10	<u>(31,817,702)</u>		<u>(31,906,288)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(24,979,481)</u>		<u>(29,623,748)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>16,656,433</u>		<u>22,663,528</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	11		<u>(1,332,495)</u>		<u>(1,830,012)</u>
<b>NET ASSETS</b>			<u>15,323,938</u>		<u>20,833,516</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		159		159
Share premium account			14,999,841		14,999,841
Profit and loss account	13		<u>323,938</u>		<u>5,833,516</u>
<b>SHAREHOLDERS' FUNDS</b>	14		<u>15,323,938</u>		<u>20,833,516</u>

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

*Sally L Seal*  
Director

Date: 10 March 2009

The notes on pages 10 to 15 form part of these financial statements.

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## ROSEMOUNT AEROSPACE PROPERTIES LTD

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### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008

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#### 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 10th March 2009.

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	-	40 years
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##### 1.4 TAXATION

Corporation tax payable is provided on taxable profits at the current rate.

##### 1.5 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.

##### 1.6 RENTAL INCOME

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

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ROSEMOUNT AEROSPACE PROPERTIES LTD

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NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2008

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1. ACCOUNTING POLICIES (continued)

1.7 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:

	2008	2007
	\$	\$
Operating lease rental income	4,556,720	4,556,720
All turnover arose within the United Kingdom.		

3. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting):

	2008	2007
	\$	\$
Depreciation of tangible fixed assets:		
- owned by the company	966,564	966,564
Difference on foreign exchange	(1,527,478)	(55,205)
Impairment loss on tangible fixed assets	9,684,798	-

4. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2007 - \$NIL).

5. INTEREST PAYABLE

	2008	2007
	\$	\$
Intercompany bank interest payable	123,457	39,467
Bank charges	2,740	3,228
On loans from group undertakings	1,297,794	1,886,076
	1,423,991	1,928,771

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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2008

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**6. AUDITOR'S REMUNERATION**

	2008 \$	2007 \$
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>5,010</u>	<u>5,291</u>

**7. TAXATION**

	2008 \$	2007 \$
<b>ANALYSIS OF TAX CHARGE IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge on (loss)/profit for the year	-	-
<b>DEFERRED TAX</b>		
Deferred tax charge for the year	(473,667)	(574,155)
Adjustments in respect of prior periods	(23,850)	4,846
Effect of decreased tax rate on opening liability	-	(171,726)
<b>TOTAL DEFERRED TAX</b> (see note 11)	<u>(497,517)</u>	<u>(741,035)</u>
<b>TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES</b>	<u>(497,517)</u>	<u>(741,035)</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

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

	2008 \$	2007 \$
(Loss)/profit on ordinary activities before tax	<u>(6,007,095)</u>	<u>1,702,373</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007 - 30%)	(1,712,022)	510,712
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	2,114,203	191,401
Decelerated/(accelerated) capital allowances	473,667	(518,939)
Group relief received for no payment	(875,848)	(146,106)
Decreased tax rate on deferred tax balances	-	(37,068)
<b>CURRENT TAX CHARGE FOR THE YEAR</b> (see note above)	<u>-</u>	<u>-</u>

The standard rate of corporation tax in the UK reduced from 30% to 28% with effect from 1 April 2008. As a result, the standard tax rate for the year ended 31 December 2008 is 28.5%.

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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2008

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**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.

**8. TANGIBLE FIXED ASSETS**

	Freehold Land and buildings \$
<b>COST</b>	
At 1 January 2008 and 31 December 2008	56,959,000
<b>DEPRECIATION</b>	
At 1 January 2008	4,671,724
Charge for the year	966,564
Impairment loss	9,684,798
At 31 December 2008	15,323,086
<b>NET BOOK VALUE</b>	
At 31 December 2008	41,635,914
At 31 December 2007	52,287,276

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

During the year an impairment loss of \$9,684,798 was recognised which was determined based on a value in use calculation using a discount rate of 10%. The impairment loss has been apportioned between land and buildings based on original cost as follows; \$3,111,040 to land and \$6,573,758 to buildings.

The company has no assets held under finance leases or hire purchase contracts.

During the year all fixed assets were held for the purpose of leasing to other related undertakings.

**9. DEBTORS**

	2008 \$	2007 \$
VAT	33	-
	33	-



**ROSEMOUNT AEROSPACE PROPERTIES LTD**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2008

**10. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2008	2007
	\$	\$
Bank loans and overdrafts	3,708,640	3,635,361
Amounts owed to group undertakings	28,104,690	28,265,596
Corporation tax	-	2
VAT	-	11
Accruals and deferred income	4,372	5,318
	<u>31,817,702</u>	<u>31,906,288</u>

**11. DEFERRED TAXATION**

	2008	2007
	\$	\$
At 1 January	1,830,012	2,571,047
Released during year	(497,517)	(569,309)
Effect of decreased tax rate on opening liability	-	(171,726)
	<u>1,332,495</u>	<u>1,830,012</u>

The provision for deferred taxation is made up as follows:

	2008	2007
	\$	\$
Accelerated capital allowances	1,356,345	1,830,012
Tax losses carried forward	(23,850)	-
	<u>1,332,495</u>	<u>1,830,012</u>

**12. SHARE CAPITAL**

	2008	2007
	\$	\$
<b>AUTHORISED</b>		
1,000 Ordinary Shares shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
159 Ordinary Shares shares of £1 each	<u>159</u>	<u>159</u>

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**ROSEMOUNT AEROSPACE PROPERTIES LTD**

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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2008

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**13. RESERVES**

	Profit and loss account \$
At 1 January 2008	5,833,516
Loss for the year	(5,509,578)
At 31 December 2008	<u>323,938</u>

**14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2008 \$	2007 \$
Opening shareholders' funds	20,833,516	18,390,108
(Loss)/profit for the year	(5,509,578)	2,443,408
Closing shareholders' funds	<u>15,323,938</u>	<u>20,833,516</u>

**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 2008 there was a cash pool surplus of £6,133,408 (2007 - surplus £16,112,740) 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 2008 Annual Report of Goodrich Corporation can be obtained from 2730 West Tyvola Road, Charlotte, North Carolina, 28217, USA.