

# **Airborne Systems Holdings Limited**

## **Directors' Report and Financial Statements for the year ended 31 March 2009**

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# **AIRBORNE SYSTEMS HOLDINGS LIMITED**

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# **AIRBORNE SYSTEMS HOLDINGS LIMITED**

## **REPORT OF THE DIRECTORS**

The directors present their report and audited financial statements for the year ended 31 March 2009.

### **Principal activities and business review**

The principal activity of the company is investment in its subsidiary undertakings. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

### **Business review**

The results for the year are set out on page 4.

The company is a wholly owned subsidiary of Airborne Systems Group Limited. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Airborne Systems Group Limited group, which includes the company, is discussed in the group's annual report which does not form part of this report.

During the year the company entered into a new three year banking agreement with additional loans. This was part of a group exercise that enabled Airborne Systems Limited to fund the settlement of its defined benefit pension scheme (Note 17).

### **Dividends**

The directors do not recommend the payment of a dividend (2008: £6,300,000).

### **Principal risks and uncertainty facing the company**

The company has UK term loans bearing interest and significant increases in interest rates would impact the results of the company. Fluctuations in interest rates have been mitigated by hedging contracts put in place at the time of the loan.

### **Going Concern**

As noted in the business review, the company is a wholly owned subsidiary of Airborne Systems Group Limited, for which the year ended 31 March 2009 has been a very successful and productive year. Management's outlook for 2010 and beyond is that the group will continue to grow organically due to demand for our highly innovative proprietary products.

This includes the performance of the Airborne Systems Holdings Limited investments and accordingly the directors continue to adopt the going concern basis in preparing the company's financial statements.

### **Directors**

The directors who held office during the year are listed below:

J P Moulton  
E Puskas  
F Frankowski  
S Bodger  
D J Wilkinson  
D R Howells  
C Rowe (appointed 13 March 2009)

### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

# **AIRBORNE SYSTEMS HOLDINGS LIMITED**

## **REPORT OF THE DIRECTORS (CONTINUED)**

### **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 financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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 its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as director 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



D R Howells  
Secretary  
17 August 2009

## **Independent auditors' report to the members of Airborne Systems Holdings Limited**

We have audited the financial statements of Airborne Systems Holdings Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. 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 auditor's 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 Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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 misstatement 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 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.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of the company's profit for the year then ended; and
- 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.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

20<sup>th</sup> AUGUST 2009 Cardiff

# AIRBORNE SYSTEMS HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 MARCH 2009**

	Note	2009 £'000	2008 £'000
Other external charges / (credit)		636	(155)
Staff costs	2	(265)	(191)
Depreciation		(3)	(3)
<b>Operating profit / (loss)</b>		<b>368</b>	<b>(349)</b>
Deferred consideration from sale of Survitec Group in a previous year		-	300
<b>Profit / (loss) on ordinary activities before interest</b>		<b>368</b>	<b>(49)</b>
Interest receivable		132	50
Interest payable	3	(399)	(128)
<b>Profit / (loss) on ordinary activities before taxation</b>	4	<b>101</b>	<b>(127)</b>
Taxation	5	(9)	(329)
<b>Retained profit /(loss) for the financial year</b>	15	<b>92</b>	<b>(456)</b>

The notes on pages 7 to 15 form part of these financial statements.

The above results relate entirely to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit stated above and their historical equivalent.

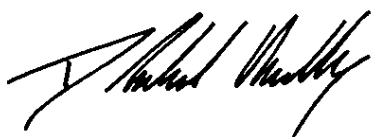
# AIRBORNE SYSTEMS HOLDINGS LIMITED

## BALANCE SHEET AT 31 MARCH 2009

	Note	2009		2008	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Investments	7		30,116		30,116
Tangible assets	8		2		4
			<u>30,118</u>		<u>30,120</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	9	1,548		1,962	
Debtors: amounts falling due after more than one year	9	18,233		8,679	
Cash at bank		<u>594</u>		<u>-</u>	
		20,375		10,641	
<b>Creditors: amounts falling due within one year</b>	10	<u>(6,509)</u>		<u>(5,596)</u>	
<b>Net current assets</b>			<u>13,866</u>		<u>5,045</u>
<b>Total assets less current liabilities</b>			43,984		35,165
<b>Creditors: amounts falling due after more than one year</b>	11		(33,976)		(25,407)
<b>Provisions for liabilities and charges</b>	13		(200)		(200)
<b>Net assets</b>			<u>9,808</u>		<u>9,558</u>
<b>Capital and reserves</b>					
Called up share capital	14		323		323
Share premium account	14		6,901		6,901
Profit and loss account	15		2,584		2,334
<b>Shareholders' funds</b>	16		<u>9,808</u>		<u>9,558</u>

The notes on pages 7 to 15 form part of these financial statements.

The financial statements were approved by the Board of Directors on 17 August 2009 and were signed on its behalf by:



D R Howells  
Director

**AIRBORNE SYSTEMS HOLDINGS LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 MARCH 2009**

	2009 £'000	2008 £'000
<b>Profit / (loss) for the financial year</b>	92	(456)
Exchange adjustments offset in reserves	158	3
<b>Total recognised gains and losses for the financial year</b>	250	(453)



# **AIRBORNE SYSTEMS HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### **Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules. The financial statements have been prepared on a going concern basis as detailed in the directors' report.

#### **Basis of consolidation**

Consolidated financial statements have not been prepared as allowed by section 228 of the Companies Act 1985. The financial statements of the company are included in the consolidated financial statements of the ultimate parent company, Airborne Systems Group Limited.

#### **Related party transactions**

The company has taken advantage of the exemption given under FRS 8 from the requirement to disclose transactions with Airborne Systems Group Limited and its 90% owned subsidiary undertakings on the basis that the company is a wholly owned subsidiary and the financial statements of the holding company are publicly available from the address given in note 20.

#### **Investments**

Investments in subsidiary undertakings are stated at cost less any provisions for impairment.

The carrying amounts of investments are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the investment's recoverable amount is estimated, and an impairment loss is then recognised in the profit and loss statement if the recoverable amount is lower than the carrying amount.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are recorded at cost, which represents purchase cost together with any incidental cost of acquisition.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Office equipment	3 to 4 years
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The assets residual values, useful lives and depreciation rates are reviewed, and adjusted if appropriate, at each balance sheet date.

The carrying amounts of tangible fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, and an impairment loss is then recognised in the profit and loss statement if the recoverable amount is lower than the carrying amount.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

# **AIRBORNE SYSTEMS HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **1. Accounting policies (continued)**

#### **Taxation**

Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax in respect of previous years.

Deferred taxation is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but have not been reversed by the balance sheet date, except as otherwise required by FRS 19.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, 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.

#### **Provisions**

A provision is recognised in the balance sheet when there is a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for losses on contracts are recorded when it becomes probable that total estimated contract costs will exceed total contract revenues. Losses are determined on the basis of estimated results on completion of contracts and are updated regularly.

#### **Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

**AIRBORNE SYSTEMS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. Employees and directors**

The average number of employees, including directors, during the year was as follows:

	2009 No.	2008 No.
Management and administration	5	5

Their aggregate payroll costs were:

	2009 £'000	2008 £'000
Wages and salaries	237	165
Social security costs	20	14
Pension costs	8	6
Other payroll costs	-	6
	265	191

Included in the above are directors' emoluments as follows:

	2009 £'000	2008 £'000
Emoluments	151	122
Pension contributions	3	3
	154	125

In addition to the above is non-executive director's fees amounting to £nil (2008: £21,000), which was paid to Alchemy Partners LLP.

Some of the directors were remunerated by other group companies during the current and previous years. No charge was made to Airborne Systems Holdings Limited for their services.

**3. Interest payable**

	2009 £'000	2008 £'000
On bank loans and overdrafts	376	128
Interest payable to group companies	23	-
	399	128

# AIRBORNE SYSTEMS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. Profit / (loss) on ordinary activities before taxation

Profit / (loss) on ordinary activities before taxation is stated after charging:	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation	3	3
Auditors' remuneration for audit services	32	55

Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

### 5. Taxation

<b>Current tax</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
UK corporation tax at 28% (2008: 30%)	9	329
<b>Taxation on profit / (loss) on ordinary activities</b>	<b>9</b>	<b>329</b>

The current tax charge for the year is different than the standard rate of corporation tax in the UK of 28%. The differences are explained below:

<b>Current tax reconciliation</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Profit / (loss) on ordinary activities before taxation	101	(127)
Profit / (loss) multiplied by standard rate of corporation tax in the UK of 28% (2008: 30%)	28	(38)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	108	124
Overseas tax arising on group restructure	10	329
Group relief received from other companies but not paid for	(137)	-
Utilisation of tax losses of prior years	-	4
Profit on disposal of subsidiary not taxable	-	(90)
<b>Current tax charge for the year</b>	<b>9</b>	<b>329</b>

### 6. Dividends

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Dividends on ordinary shares	-	6,300

A dividend was paid to Edlaw Limited as part of the group restructure that took place on 31 March 2008.

**AIRBORNE SYSTEMS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7. Investments**

	<u>£'000</u>
<i>Cost of shares in subsidiary undertakings</i>	
<b>At 1 April 2008 and 31 March 2009</b>	<u>32,199</u>
<i>Provision for diminution in value</i>	
<b>At 1 April 2008 and 31 March 2009</b>	<u>2,083</u>
<i>Net book value</i>	
<b>At 1 April 2008 and 31 March 2009</b>	<u>30,116</u>

**8. Tangible fixed assets**

	<b>Office equipment £'000</b>
<i>Cost</i>	
At 1 April 2008	10
Additions	<u>1</u>
<b>At 31 March 2009</b>	<u>11</u>
<i>Depreciation</i>	
At 1 April 2008	6
Charge for the year	<u>3</u>
<b>At 31 March 2009</b>	<u>9</u>
<i>Net book value</i>	
<b>At 31 March 2009</b>	<u>2</u>
At 1 April 2008	<u>4</u>

**AIRBORNE SYSTEMS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9. Debtors**

	2009 £'000	2008 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	875	233
Other debtors	85	1,729
Prepayments and accrued income	588	-
	<b>1,548</b>	<b>1,962</b>

	2009 £'000	2008 £'000
<i>Amounts falling due after more than one year:</i>		
Amounts owed by group undertakings	18,233	8,679

There are no fixed repayment terms for the amounts owed by group undertakings. However, it has been agreed that the amounts disclosed above will not be called upon within 12 months of the balance sheet date.

**10. Creditors: amounts falling due within one year**

	2009 £'000	2008 £'000
Bank overdrafts	250	2,293
Bank loans (Note 17)	2,432	1,000
Amounts owed to group undertakings	2,877	1,286
Trade creditors	278	26
Other creditors	274	270
Accruals	398	721
	<b>6,509</b>	<b>5,596</b>

**11. Creditors: amounts falling due after more than one year**

	2009 £'000	2008 £'000
Bank loans (Note 17)	11,568	3,000
Amounts owed to group undertakings	22,408	22,407
	<b>33,976</b>	<b>25,407</b>

There are no fixed repayment terms for the amounts owed to group undertakings. However, it has been agreed that the amounts disclosed above will not be called upon within 12 months of the balance sheet date.

**AIRBORNE SYSTEMS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**12. Deferred taxation**

No deferred taxation has been provided in respect of unutilised trading losses at 31 March 2009 amounting to £113,000 (2008: £262,000) due to uncertainty regarding the timing of utilisation of these losses in the future.

**13. Provisions for liabilities and charges**

	<b>Total £'000</b>
<i>Movements in the year were as follows:</i>	
At 1 April 2008	200
Charged to profit and loss account	100
Credited to profit and loss account	(100)
<b>At 31 March 2009</b>	<b>200</b>

Provisions relate mainly to excess costs, which will be incurred on contracts managed on a group basis.

**14. Share capital and share premium account**

<b>Authorised</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
322,971 Ordinary shares of 10p each	323	323
<b>Issued, called up and fully paid</b>		
	<b>Share capital £'000</b>	<b>Share premium £'000</b>
322,971 Ordinary shares of £1 each at 1 April 2008 and 31 March 2009	323	6,901

**15. Profit and loss account**

	<b>2009 £'000</b>	<b>2008 £'000</b>
At beginning of year	2,334	9,087
Retained profit / (loss) for the financial year	92	(456)
Dividends (Note 6)	-	(6,300)
Exchange adjustments offset in reserves	158	3
<b>At end of year</b>	<b>2,584</b>	<b>2,334</b>

# AIRBORNE SYSTEMS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16. Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Retained profit / (loss) for the financial year	92	(456)
Dividends (Note 6)	-	(6,300)
Exchange adjustments offset in reserves	158	3
	250	(6,753)
New shares issued	-	323
Net increase in shareholders' funds	250	(6,430)
Opening surplus on shareholders' funds	9,558	15,988
Closing surplus on shareholders' funds	9,808	9,558

### 17. Loans

	2009 £'000	2008 £'000
<i>Amounts repayable under the terms of the loan were as follows:</i>		
<b>Bank loans</b>		
Sterling loan at 2.25% above LIBOR	3,000	-
Sterling loan at 3.00% above LIBOR	11,000	-
Sterling loan at 1.76% above LIBOR	-	4,000
	14,000	4,000
	2009 £'000	2008 £'000
Repayable within one year	2,432	1,000
Repayable between one and two years	2,432	1,000
Repayable between two and five years	9,136	2,000
	14,000	4,000

During the year the company entered into a new three year banking agreement with additional loans. This was part of a group exercise that enabled Airborne Systems Limited to fund the settlement of its defined benefit pension scheme.

The sterling loan at 2.25% above LIBOR is repayable in 6 monthly instalments of £300,000 commencing 25 June 2009, with the final balance due on 25 March 2012. The sterling loan at 3.00% above LIBOR is repayable in 3 monthly instalments of £458,000 commencing 25 June 2009, with the final balance due on 25 March 2012. The costs of arranging these new finance agreements amounted to £568k, which are being amortised over the duration of the agreements.

The sterling loan is secured by way of a fixed and floating charge over the assets of the company's subsidiary undertakings.



**AIRBORNE SYSTEMS HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**18. Subsidiary undertakings**

The principal subsidiary undertakings at 31 March 2009 are set out below. Unless otherwise stated the 100% interest in each undertaking is represented by equity capital and each undertaking operates from its country of incorporation which if other than Great Britain is stated below.

<b>Subsidiary undertakings</b>	<b>Country of incorporation</b>	<b>Principal activity</b>
Airborne Systems Limited		Parachutes and aerial delivery systems
Edlaw *		Investment
Airborne Systems Canada Limited *	Canada	Parachutes and aerial delivery systems
Airborne Systems North America Inc. *	USA	Investment
Airborne Systems North America of CA Inc. *	USA	Parachutes
Airborne Systems North America of NJ Inc. *	USA	Parachutes and aerial delivery systems

\* The share capital of these companies was held by subsidiary undertakings of the company

The information given above relates only to undertakings whose results or financial position significantly affected the figures in these financial statements.

**19. Contingent liabilities**

At the year end the company cross-guaranteed the repayment of bank loans and overdrafts of certain entities in the Airborne Systems Group Limited group amounting to £14,250,000 (2008: £4,000,000).

**20. Ultimate parent company**

Airborne Systems Group Limited, a company registered and incorporated in England and Wales is the ultimate parent company. Copies of the financial statements of Airborne Systems Group Limited are available from the Secretary, Bettws Road, Llangeinor, Bridgend, CF32 8PL.

**21. Ultimate controlling party**

96.3% of the issued share capital of Airborne Systems Group Limited is held by Alchemy Partners Nominees Limited on behalf of investors in the Alchemy Investment Plan. The Alchemy Investment Plan is managed by Alchemy Partners (Guernsey) Limited.

**22. Cash flow statement**

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking.