

**Atlantic Inertial Systems Limited**  
**Annual report**  
**for the year ended 31 December 2009**

**Registered Number 6208660**

FRIDAY



\*A8OPZNYH\*

A22

17/09/2010

463

COMPANIES HOUSE

---

## **Atlantic Inertial Systems Limited**

### **Annual report and financial statements**

**for the year ended 31 December 2009**

### **Contents**

Directors and Advisors for the year ended 31 December 2009	1
Directors' report for the year ended 31 December 2009	2
Independent auditors' report to the members of Atlantic Inertial Systems Limited	5
Profit and loss account for the year ended 31 December 2009	7
Balance sheet at 31 December 2009	8
Cash flow statement for the year ended 31 December 2009	9
Notes to the financial statements for the year ended 31 December 2009	10

# **Atlantic Inertial Systems Limited**

## **Directors and Advisors for the year ended 31 December 2009**

### **Directors**

J Chapman

J Harwood

D Oldham (resigned 1 June 2010)

R Fulton (appointed 19 April 2010)

G Loftus (appointed 19 April 2010, resigned 5 July 2010)

### **Secretary**

J Harwood

### **Statutory Auditors**

PricewaterhouseCoopers LLP

Princess Court

23 Princess Street

Plymouth

Devon

PL1 2EX

### **Bankers**

National Westminster Bank Plc

12-16 Old Town Branch

Plymouth

Devon

PL1 1DG

### **Registered Office**

Clifford Road

Southway

Plymouth

Devon

PL6 6DE

**Registered Number 6208660**

# **Atlantic Inertial Systems Limited**

## **Directors' report for the year ended 31 December 2009**

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

### **Business review and principal activities**

The company is involved in the development, manufacture, marketing and selling of gyroscopes and inertial navigation systems mainly for military applications

The results for the company show a pre-tax profit of £3,291,000 (2008 £900,000) and sales of £41,142,000 (2008 £38,104,000) The directors do not recommend the payment of a dividend

During the year, the company's parent AIS Global Holdings LLC invested additional capital monies in the company amounting to £2,151,000 (2008 £1,026,000) Atlantic Inertial Systems Inc provided further financing in the form of a \$3,750,000 term loan which has been repaid in 2010 and is included in these financial statements as a creditor falling due within one year

The company reduced its investment in Silicon Sensing Systems Limited by £5,000,000 by means of a reduction and repayment of capital

On 20 December 2009, Goodrich Corporation purchased the company's parent AIS Global Holdings LLC and invested additional capital monies in the company amounting to £17,699,000

Cash balances have increased by £1,596,000 to £7,070,000 and there is nil debt at 31 December 2009 (BNP Paribas term loan balance at 31 December 2008 £21,979,000)

### **Significant risks and uncertainties (business and financial)**

The following are considered to be the principal risks to which the company is exposed

- Dependency on a small number of large contracts the loss, expiration, suspension, cancellation or termination of which could have a material adverse effect on the company's future results
- Significant competition from multinational firms with substantial resources and capital the company achieves competitive advantage through the effectiveness and innovation of its products, and its success in securing volume production contracts to achieve the necessary throughput efficiencies
- Reliance on future orders to recover production investment this applies particularly to our Silicon products which require investment in motion simulators for test and calibration
- Exposure to volatile currency exchange rates, the most significant being Euro and US Dollar the company hedges material transactional exposures but not the translation effect of exchange rate movements on the income statement or balance sheet of equity accounted investments (joint venture)

### **Future developments**

The performance of our Silicon IMU02 inertial measurement unit has enabled us to secure important export production orders During the year the company invested £2,619,000 (2008 £1,745,000) in research and development of new gyroscope and navigation products Future developments are expected to be in the current core business which continues to show strong growth opportunities

# **Atlantic Inertial Systems Limited**

## **Key Performance Indicators**

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

## **Directors**

The directors who held office during the year are detailed on page 1

## **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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 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

## **Employees**

The company's policy is to consult and discuss with employees, through employee committees and at meetings, matters likely to affect employees' interests and information on matters of concern to employees

The company's policy is to recruit disabled workers for those vacancies that they are able to fill, although most jobs do require a high level of dexterity and physical fitness. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person and all necessary assistance with initial training courses is given. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities

## **Provision of information to auditors**

In the case of each of the persons who are directors at the time when the report is approved under section 418, the following applies

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

## Atlantic Inertial Systems Limited

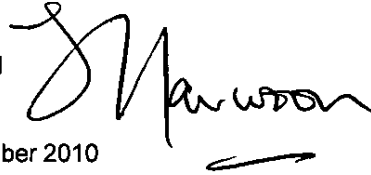
### Statutory Auditors

A resolution to appoint Ernst & Young as auditors will be circulated to members for approval pursuant to section 485 of the Companies Act 2006, due to a change in the ownership of the company

By order of the board

J Harwood  
Secretary

8 September 2010

A handwritten signature in black ink, appearing to read 'J Harwood', is written over the typed name and date. The signature is fluid and cursive.

## **Atlantic Inertial Systems Limited**

### **Independent auditors' report to the members of Atlantic Inertial Systems Limited**

We have audited the financial statements of Atlantic Inertial Systems Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Retained Profits, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Atlantic Inertial Systems Limited

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Eugene McCann (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Plymouth

13<sup>th</sup> September 2010



## Atlantic Inertial Systems Limited

### Profit and loss account for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Turnover	2	41,142	38,104
Cost of sales		(26,023)	(27,235)
<b>Gross profit</b>		<b>15,119</b>	<b>10,869</b>
Net operating expenses	3	(9,850)	(7,947)
<b>Operating profit</b>	4	<b>5,269</b>	<b>2,922</b>
Dividend income from Joint Venture		-	1,372
Interest receivable and similar income	7	601	75
Interest payable and similar charges	8	(2,579)	(3,469)
<b>Profit on ordinary activities before taxation</b>		<b>3,291</b>	<b>900</b>
Tax on profit on ordinary activities	9	(970)	369
<b>Profit for the year</b>		<b>2,321</b>	<b>1,269</b>

### Statement of Retained Profits

	Note	2009 £'000	2008 £'000
Retained profits at 1 January		1,824	555
Retained profit for the year		2,321	1,269
<b>Retained profits at 31 December</b>		<b>4,145</b>	<b>1,824</b>

All of the above figures relate to continuing activities

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year as stated above and their historical cost equivalents

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented

# Atlantic Inertial Systems Limited

## Balance sheet at 31 December 2009

	Notes	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Intangible assets	10	18,909	20,429
Tangible assets	11	7,456	8,583
Investments in joint ventures	12	6,549	11,549
		<b>32,914</b>	<b>40,561</b>
<b>Current assets</b>			
Stocks	13	1,805	3,033
Deferred tax asset	17	74	804
Debtors	14	7,866	5,190
Cash at bank and in hand		7,070	5,474
		<b>16,815</b>	<b>14,501</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(10,943)</b>	<b>(15,339)</b>
<b>Net current assets/(liabilities)</b>		<b>5,872</b>	<b>(838)</b>
<b>Total assets less current liabilities</b>		<b>38,786</b>	<b>39,723</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(1,539)</b>	<b>(24,647)</b>
<b>Net assets</b>		<b>37,247</b>	<b>15,076</b>
<b>Capital and reserves</b>			
Called up share capital	19	100	100
Share Premium Account	20	12,126	12,126
Capital contributions	20	20,876	1,026
Profit and loss account		4,145	1,824
<b>Equity shareholders' funds</b>	20	<b>37,247</b>	<b>15,076</b>

The financial statements on pages 7 to 23 were approved by the board of directors on 8 September 2010 and were signed on its behalf by

  
J Chapman  
Director

Registered Number 6208660

# Atlantic Inertial Systems Limited

## Cash flow statement for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
<b>Cash inflow from operating activities</b>	25	<b>5,980</b>	<b>8,755</b>
Joint venture dividends received		-	1,470
<b>Repayment of capital investment in joint venture</b>	12	<b>5,000</b>	-
<b>Returns on investments and servicing of finance</b>			
Interest received		601	75
Interest paid		(2,890)	(3,158)
<b>Net cash outflow from servicing of finance</b>		<b>(2,289)</b>	<b>(3,083)</b>
<b>Taxation</b>		<b>(381)</b>	-
<b>Capital expenditure and financial investment</b>			
Proceeds from disposal of tangible fixed assets		5	-
Payments to acquire tangible fixed assets		(694)	(1,060)
Payments to acquire intangible fixed assets		(201)	(38)
Working capital settlement		(3,918)	-
Repayment in relation to final settlement of original business acquisition cost	10	223	-
<b>Net cash outflow from capital expenditure</b>		<b>(4,585)</b>	<b>(1,098)</b>
<b>Net cash inflow before use of liquid resources and financing</b>		<b>3,725</b>	<b>6,044</b>
<b>Management of liquid resources and financing</b>	26	<b>(2,129)</b>	<b>(4,370)</b>
<b>Increase in cash</b>	28	<b>1,596</b>	<b>1,674</b>

# Atlantic Inertial Systems Limited

## Notes to the financial statements for the year ended 31 December 2009

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards

#### Intangible assets

The cost of all intangible fixed assets is their purchase cost, together with any incidental expenses of acquisition

Amortisation is calculated so as to write off the cost of intangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The annual lives used for this purpose are

Goodwill	15 years
Software	5 years

#### Fixed assets

The cost of all tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Freehold land is not depreciated.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual lives used for this purpose are

Freehold buildings	10 years
Plant and machinery	5 years
Equipment	5 years

#### Stocks and long-term contracts

Stocks and long-term contracts are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Provision is made where necessary for obsolete, slow moving and defective stocks.

Long-term contracts – turnover represents the sales value of work done in the year, including fees invoiced and estimates in respect of amounts to be invoiced after the year-end. Profits are recognised on long-term contracts where the final outcome can be assessed with reasonable certainty. Cost includes direct staff costs and outlays. Full provision is made for all known or anticipated losses on each contract immediately such losses are forecast.

#### Research and development costs

Research and development costs are expensed as incurred through the profit and loss account.

#### Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction or, where forward cover contracts have been arranged, at the contracted rates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account.

## **Atlantic Inertial Systems Limited**

### **Turnover**

Turnover, which excludes value added tax and trade discounts, represents the net value of goods and services rendered during the year. For long term contracts, turnover is recognised at various stages based on an assessment of the earned value of work completed. For development contracts, turnover is recognised in line with progress to completion based on costs incurred. All contracts which are not long term recognise turnover on the passing of legal title. Profit is recognised at the time of sale in accordance with the above principles. The profit level is calculated with reference to the estimated overall profitability of the contract, with appropriate provision for outstanding risk and any losses in the year in which they are first foreseen.

### **Taxation**

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

Provision is made for deferred taxation liabilities as required by FRS19. Deferred tax is accounted for on an undiscounted basis at expected rates on all differences arising from the inclusion of items of income or expenditure in tax computations in years different from those in which they are included in the financial statements. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted.

### **Pension costs**

The company contributes to the Friends Provident Defined Contribution Scheme. The company ceased to be a contributing member of BAE Systems plc Group pension schemes on 30 November 2009.

### **Investments in joint ventures**

Investments in joint ventures are valued at cost.

### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as, either, financial assets, financial liabilities or equity instruments. Derivative financial instruments not recognised at fair values are detailed in note 23. Term loan costs are netted against the term loan and are amortised pro rata to repayments of the term loan.

### **Government grants**

Government grants received are recognised on the company balance sheet and released to the profit and loss account on a straight-line basis over the life of the grant.

## Atlantic Inertial Systems Limited

### 2 Analysis by geographical area

The analysis by geographical destination of the company's turnover is set out below

	2009 £'000	2008 £'000
United Kingdom	14,282	18,923
Rest of Europe	9,911	7,750
Rest of World	16,949	11,431
	41,142	38,104

### 3 Net operating expenses

Net operating expenses are made up as follows

	2009 £'000	2008 £'000
Administrative expenses	10,319	8,501
Other operating income	(469)	(554)
	9,850	7,947

### 4 Operating profit

	2009 £'000	2008 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of fixed assets	1,775	1,614
Amortisation of intangible assets	1,498	1,605
Auditors' remuneration		
- audit	24	28
- non-audit services relating to taxation	26	75
Research and development	2,619	1,745
Exchange gains	(1,453)	(279)
Loss on sale of assets	41	-

## Atlantic Inertial Systems Limited

### 5 Directors' emoluments

	2009 £'000	2008 £'000
Directors' remuneration	731	338
Pension contributions	61	68
	<b>792</b>	<b>406</b>

2 directors are accruing benefits under the Friends Provident Defined Contributions Scheme (2008 2 directors were accruing benefits under BAE Systems plc Group pension schemes)

The emoluments of the highest paid director in the year are as follows

	2009 £'000	2008 £'000
Directors' remuneration	483	204
Pension contributions	28	37
	<b>511</b>	<b>241</b>

### 6 Employee information

The average weekly number of persons employed by the company (including executive directors) during the year was

	2009 £'000	2008 £'000
Production	79	90
Administrative	174	178
	<b>253</b>	<b>268</b>

Employment costs including directors

	2009 £'000	2008 £'000
Wages and salaries	9,887	9,484
Social security costs	956	982
Other pension costs (see note 18)	1,125	1,134
	<b>11,968</b>	<b>11,600</b>

## Atlantic Inertial Systems Limited

### 7 Interest receivable and similar income

	2009 £'000	2008 £'000
External	3	75
Exchange gains on translation of foreign currency balances	598	-
	601	75

### 8 Interest payable and similar charges

	2009 £'000	2008 £'000
On UK bank term loan	1,199	2,218
On exiting interest rate swap	1,245	-
On UK bank revolver facility	57	43
On working capital settlement – interim payment	-	76
On working capital settlement – final payment	347	-
On working capital settlement – reversal of prior year accrual	(311)	311
On AIS Inc loan	42	-
Exchange losses on translation of foreign currency balances	-	821
	2,579	3,469

### 9 Tax on profit on ordinary activities

	2009 £'000	2008 £'000
Corporation tax payable in respect of profits	240	-
Deferred tax (see note 17)		
Reversal of timing differences (this year)	823	(83)
Reversal of timing differences (prior year)	(93)	(286)
Total deferred tax charge / (credit)	730	(369)
Tax charge / (credit) on profit on ordinary activities	970	(369)



## Atlantic Inertial Systems Limited

### Factors affecting tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (2008 lower) The differences are explained below

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	3,291	900
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 – 28.5%)	921	256
Effects of		
Share of JV net income not taxable in these accounts	-	(391)
Expenses not deductible for tax purposes	305	37
Pension provision (utilised) / arising in the year	(541)	162
Tax losses (utilised) / arising in the year	(279)	186
Research and Development tax credits	(208)	(168)
Capital allowances on non-qualifying assets	(48)	(70)
Accelerated capital allowances	90	(264)
Adjustment for industrial buildings becoming non-qualifying	-	252
Total current tax charge	240	-

### 10 Intangible fixed assets

	Goodwill £'000	Software £'000	Total £'000
<b>Cost</b>			
As at 1 January 2009	22,386	104	22,490
Adjustment	(223)	-	(223)
Additions	-	201	201
<b>At 31 December 2009</b>	<b>22,163</b>	<b>305</b>	<b>22,468</b>
<b>Amortisation</b>			
As at 1 January 2009	(2,040)	(21)	(2,061)
Charge for year	(1,457)	(41)	(1,498)
<b>At 31 December 2009</b>	<b>(3,497)</b>	<b>(62)</b>	<b>(3,559)</b>
<b>Net book value</b>			
As at 1 January 2009	20,346	83	20,429
<b>At 31 December 2009</b>	<b>18,666</b>	<b>243</b>	<b>18,909</b>

The purchased goodwill arises on the acquisition of the business of BAE Systems Inertial Products on 20 August 2007. Reductions of £223,598 in the year relate to an agreed settlement of outstanding matters with BAE Systems plc.

## Atlantic Inertial Systems Limited

### 11 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Assets under construction £'000	Total £'000
<b>Cost</b>				
At 1 January 2009	3,028	7,677	-	10,705
Additions	-	601	93	694
Disposals	-	(62)	-	(62)
<b>At 31 December 2009</b>	<b>3,028</b>	<b>8,216</b>	<b>93</b>	<b>11,337</b>
<b>Depreciation</b>				
At 1 January 2009	(268)	(1,854)	-	(2,122)
Charge for year	(193)	(1,582)	-	(1,775)
Disposals	-	16	-	16
<b>At 31 December 2009</b>	<b>(461)</b>	<b>(3,420)</b>	<b>-</b>	<b>(3,881)</b>
<b>Net book value</b>				
At 1 January 2009	2,760	5,823	-	8,583
<b>At 31 December 2009</b>	<b>2,567</b>	<b>4,796</b>	<b>93</b>	<b>7,456</b>

Included in Freehold Land and Buildings is land with a cost of £1,100,000 (2008 £1,100,000), which is not depreciated

### 12 Investments in joint ventures

	Interests in group undertakings £'000
Cost at 1 January 2009	11,549
Reduction in JV Capital	(5,000)
<b>Cost at 31 December 2009</b>	<b>6,549</b>

On 10 June 2009 the joint venture undertaking reduced the par value of its 21,000,000 issued shares by 50p, from 100p to 50p per share, in accordance with s641 of the Companies Act 2006. The joint venture repaid £5,000,000 to each of the joint venture partners in cash.

Details of joint venture undertakings, registered in England and Wales, are as follows

Name of company	Description of Shares held	Proportion of nominal value of issued shares held	Principal activity
Silicon Sensing Systems Limited	Ordinary shares	50%	Design, manufacture and sale of silicon gyroscopes

## Atlantic Inertial Systems Limited

The performance of Silicon Sensing Systems Limited, based on its consolidated financial statements for the year ended 31 December 2009, may be summarised as follows

	<b>2009 £'000</b>
Turnover	19,014
Profit before tax	261
Profit after tax	80
Tangible fixed assets	6,055
Current assets	14,614
Current liabilities	(5,124)
Non current liabilities	(222)
<b>Shareholders' funds at 31 December 2009</b>	<b>15,323</b>

### 13 Stocks

	<b>2009 £'000</b>	2008 £'000
Raw materials and consumables	<b>2,356</b>	3,264
Work in progress/long-term contracts	<b>(846)</b>	(334)
Finished goods and goods for resale	<b>295</b>	103
	<b>1,805</b>	3,033

In the opinion of the directors the difference between the stated value of stock and work in progress and its replacement value is not material

### 14 Debtors

	<b>2009 £'000</b>	2008 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	<b>7,511</b>	4,722
Amounts owed by parent and fellow subsidiary undertakings	-	4
Amounts owed by joint venture undertaking	<b>82</b>	126
Current taxes receivable	<b>147</b>	-
Prepayments, accrued income and other debtors	<b>126</b>	338
	<b>7,866</b>	5,190

## Atlantic Inertial Systems Limited

### 15 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Term loan	-	220
Trade creditors	2,170	2,783
Payments on account – long-term contracts	2,594	1,859
Amounts owed to parent and fellow subsidiary undertakings	2,359	71
Amounts owed to joint venture undertaking	213	117
Other taxation and social security costs	146	195
Deferred grant income	185	185
Accruals and other provisions	3,135	4,299
Deferred purchase consideration	-	1,381
Working capital settlement (including interest) (see note 10)	-	4,229
Other creditors	141	-
	<b>10,943</b>	<b>15,339</b>

### 16 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Term loan	-	21,158
Pension accrual (see note 18)	-	2,072
Deferred grant income	100	285
Accruals and other provisions	345	446
Payments on account – long-term contracts	1,094	686
	<b>1,539</b>	<b>24,647</b>

In 2008, the term loan falling due after more than one year comprised BNP Paribas loan of £21,758,722 less costs of £601,481. The loan was secured on the assets of the company and fell due as follows

	2009 £'000	2008 £'000
Between two and five years	-	880
More than five years	-	20,879
Term loan (excluding loan costs)	-	21,759

The term loan was due for repayment in 2014 and attracted a variable bank interest rate of between 5.25% and 3.5% until the loan was repaid in full on 21 December 2009.

# Atlantic Inertial Systems Limited

## 17 Deferred taxation

Deferred taxation provided in the financial statements is as follows

	2009 £'000	2008 £'000
Accelerated capital allowances	35	(55)
Losses	-	279
Pension provision	39	580
Deferred tax asset	74	804

The movement in deferred tax asset was as follows

	2009 £'000	2008 £'000
At 1 January	804	435
(Charged) / credited to the profit and loss account	(730)	369
At 31 December	74	804

The deferred tax asset is based upon current UK corporation tax rates of 28% and would reduce by an immaterial amount if the rate of tax were to reduce to 27% in April 2011 as announced in the June 2010 budget (with further reductions planned for future years) The Finance Act was substantially enacted on 21 July 2010 and no changes have been reflected in the tax asset on the grounds of materiality

## 18 Pension and similar obligations

Pension costs are made up as follows

	2009 £'000	2008 £'000
BAE Systems plc Main Scheme	1,192	1,378
BAE Systems 2000 Plan	34	40
BAE Systems Executive Pension Fund	52	66
Friends Provident Defined Contribution Scheme	155	6
Total pension costs	1,433	1,490
Less third party contribution	(308)	(356)
	1,125	1,134

In addition, the company made the following cash payments to the trustees of BAE Systems plc Group Pension schemes in settlement of S 75 exit liabilities

	2009 £'000	2008 £'000
BAE Systems plc Main Scheme	1,637	-
BAE Systems 2000 Plan	85	-
BAE Systems Executive Pension Fund	101	-
	1,823	-

## Atlantic Inertial Systems Limited

### 19 Called up share capital

	2009 £'000	2008 £'000
<b>Authorised</b>		
10,000 ordinary shares of £1 each	10	10
90,000 preference shares of £1 each	90	90
<b>Allotted, called up and fully paid</b>		
10,000 ordinary shares of £1 each	10	10
90,000 preference shares of £1 each	90	90

As the preference shares carry no right to dividends and are not redeemable, they are considered to constitute equity rather than debt

### 20 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	2,321	1,269
Capital contributions from AIS Global Holdings LLC	2,151	1,026
Capital contributions from Goodrich Corporation	17,699	-
Net addition to shareholders' funds	22,171	2,295
Opening shareholders' funds	15,076	12,781
<b>Closing shareholders' funds</b>	<b>37,247</b>	<b>15,076</b>
<b>Capital contributions</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
As at 1 January	1,026	-
Capital contributions received	19,850	1,026
As at 31 December	20,876	1,026

During the year the company's parent, AIS Global Holdings LLC, made capital contributions of £2,151,000 to the company

On 20 December 2009, Goodrich Corporation purchased the company's parent AIS Global Holdings LLC and invested additional capital monies in the company amounting to £17,699,000

## Atlantic Inertial Systems Limited

### 21 Purchase commitments

At 31 December 2009, the company had unfulfilled purchase commitments totalling £13,462,414 (2008 £12,245,000)

### 22 Related party transactions

The following related party transactions have occurred in the year

	<b>AIS Global Holdings LLC 2009 £'000</b>	<b>AIS Global Holdings LLC 2008 £'000</b>	<b>Atlantic Inertial Systems Inc 2009 £'000</b>	<b>Atlantic Inertial Systems Inc 2008 £'000</b>	<b>Silicon Sensing Systems Limited 2009 £'000</b>	<b>Silicon Sensing Systems Limited 2008 £'000</b>
Product sales	-	-	307	27	150	171
Product purchases	-	-	-	-	837	160
Service charges from related parties	-	-	508	311	-	-
Service charges to related parties	-	-	97	-	2,296	2,800
Royalty charges to related parties	-	-	-	-	291	369
Amounts owed to related parties	-	71	2,359	-	213	117
Amounts owed by related parties	-	-	-	4	82	126

J F Lehman & Company, the sponsor of the fund which wholly-owned AIS Global Holdings LLC until 20 December 2009, provided management services to the company under a service agreement. During the year ended 31 December 2009, the company paid J F Lehman & Company £333,375 (2008 £317,152) for those services, which were charged to expense.

No amounts have been written off the outstanding balances after the year-end.

### 23 Fair value of assets and liabilities

The company has derivative financial instruments that it has not recognised at fair values. These consist of contracts to purchase and/or sell US Dollars, Euros and Swiss Francs at agreed future dates at agreed exchange rates.

The 34 currency contracts held at 31 December 2009 committed the company to purchase and/or sell US Dollars, Euros and Swiss Francs for a total income of £10,555,000 (2008 £1,755,000). If these same contracts had been entered into on 31 December 2009, the company would have been committed to purchase and/or sell the currencies for a total income of £10,966,000 (2008 £2,821,000), resulting in an unrealised loss of £411,000 (2008 £1,066,000).

The company was a party to an interest rate swap agreement to fix the interest rate payable on a proportion of the BNP Paribas term loan. If the swap agreement had been entered into on 31 December 2008, the company would have been committed to pay a reduced level of interest charges. The mark to market adjustment at 31 December 2008, not recognised in these financial statements, was a liability of £1,181,000. There is no corresponding liability at 31 December 2009 as the swap agreement was terminated prior to the year end.

## Atlantic Inertial Systems Limited

### 24 Immediate and ultimate parent companies

Until 20 December 2009, the directors regarded AIS Global Holdings LLC, a company registered in Delaware, as the immediate and ultimate parent company. Subsequent to this date, the largest group in which the results of the company are consolidated is that headed by Goodrich Corporation incorporated in New York in the USA. Effective 25 May 2010, the company's immediate parent undertaking is Goodrich Limited, a company registered in England & Wales. The smallest group in which the results of the company are consolidated is that headed by Goodrich Corporation. The consolidated accounts of Goodrich Corporation may be obtained from the Company Secretary at Four Coliseum Centre, 2730 West Tyvola Road, Charlotte, North Carolina, USA 28217-4578.

### 25 Reconciliation of operating profit to net cash inflow from operating activities

	2009 £'000	2008 £'000
Operating profit	5,269	2,922
Depreciation charge	1,775	1,614
Amortisation charge	1,498	1,605
Loan costs amortisation	601	271
Loss on disposal of fixed assets	41	-
Decrease in stocks and work in progress	1,228	1,059
(Increase)/decrease in Debtors	(2,529)	475
(Decrease)/increase in Creditors	(1,903)	809
<b>Net cash inflow from operating activities</b>	<b>5,980</b>	<b>8,755</b>

### 26 Management of liquid resources and financing

	2009 £'000	2008 £'000
Repayments of term loan	(21,979)	(5,396)
Proceeds from capital contributions (note 20)	19,850	1,026
	(2,129)	(4,370)

### 27 Analysis of net debt/(cash)

	At 31 December 2008 £'000	Cash flow £'000	At 31 December 2009 £'000
Cash at bank and in hand	5,474	1,596	7,070
Debt due within one year	(220)	220	-
Debt due after one year	(21,759)	21,759	-
	(16,505)	7,613	7,070



## Atlantic Inertial Systems Limited

### 28 Reconciliation of net cash flow to movement in net debt

	2009 £'000	2008 £'000
Increase in cash in the year	1,596	1,674
Decrease in debt	21,979	5,396
Change in net funds from cash flows	23,575	7,070
Net debt at the start of the year	(16,505)	(23,575)
Net cash/(debt) at the end of year	7,070	(16,505)