Mettis Aerospace Limited

Annual report and financial statements

for the year ended 31 March 2008

Registered number 3292360

Mettis Aerospace Limited

Annual report and financial statements for the year ended 31 March 2008

Mettis Aerospace Limited

Directors' report
for the year ended 31 March 2008

The directors present their annual report and the audited financial statements for the year ended 31 March 2008

Directors

K J Bishop
N Blakeney
A J MacPherson
N E White
M Pollard (appointed 1 July 2008)

Principal activity

The Company is a leading supplier of aerospace components based upon world class forging, machining and metallurgical skills Operating from the heart of England, Mettis Aerospace has a comprehensive range of design, logistics, forging, machining, processing and kitting services all on one site

Business review and future developments

The business has continued to grow with sales increasing by 15% to £53m, through a combination of market growth and new business wins

Order intake has grown in line with plan and we continue to target further growth in our selected market segments Growth in the Aerospace market has continued and we remain optimistic of further increases to our activity levels during 2008

Operating profit before amortisation increased to £5 4m, (after deducting £0 1m refinancing costs), compared to £3 8m in the previous year

The company remains focused on the development of people at all levels and will continue to support, train and develop its people to meet the needs of a growing business

Principal risks and uncertainties

The business operates in a highly competitive global market and faces competition from a number of worldwide component manufacturers The euro and dollar exchange rates pose risks to the profitability of the business The Directors keep the hedging of currencies and energy costs under review so as to minimise the associated risks

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2008 (2007 £nil) The profit for the year of £2,028,000 (2007 £1,620,000) will be transferred to reserves

Research and Development

The Company has a policy of continually developing its engineering and technical capabilities and maintains close relationships with key customers to ensure that changes and developments in customers' requirements are adequately anticipated Associated development costs are immediately written off to the profit and loss account

Creditor payment policy

It is the Company's policy to pay suppliers in accordance with the agreed terms of purchase At year end the Company had an average of 67 days purchases outstanding (2007 67 days)

Mettis Aerospace Limited

Directors' report
for the year ended 31 March 2008 (continued)

Employees

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees

Employee involvement

The Company places considerable value on the involvement of its employees and keeps them informed on aspects of the business and its progress, which the Company considers to be relevant Communication is effected through management channels and in writing

Equal opportunities

It is the Company's policy and practice that selection for employment and promotion is based on the objective assessment of ability and experience free from discrimination on any grounds

Financial risk management policies and objectives

The Company's operations expose it to a number of financial risks that include credit risk, liquidity risk and interest rate risk Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the Company's finance department as required

Price risk

The Company is exposed to commodity price risk as a result of its operations However, given the size of the Company's operations, the costs of actively managing exposure to commodity price risk exceed any potential benefits The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature The Company has no exposure to equity securities price risk as it holds no listed or other equity investments

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made Usually new customers are given cash accounts, then migrate to credit accounts once payment history is established The Company uses third party online credit evaluations as well as Companies House information, including latest financial statement submissions Where debt finance is required, this will be subject to pre-approval by the board of directors and such approval will be limited to financial institutions with an AA rating or better

Liquidity risk

The Company actively manages its working capital requirements to ensure it has sufficient funds for its operations The requirement for medium to long term debt finance will be reviewed by the board of directors based on the Company's forecast requirements

Interest rate cash flow risk

The Company has both interest bearing assets and interest bearing liabilities The Company has a policy of maintaining short term deposits and cash balances at a level sufficient to fund its operations The directors will revisit the appropriateness of this policy should the Company's operations or cash balances change in size or nature

Mettis Aerospace Limited

Directors' report
for the year ended 31 March 2008 (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Provision of information to the auditors

So far as the directors are aware there is no relevant audit information of which the company's auditors are unaware and the directors have taken all the steps that they ought to have taken as directors in order to make them aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office A resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the board

N E White
Company Secretary
3 October 2008

Independent auditors' report to the members of Mettis Aerospace Limited

We have audited the financial statements of Mettis Aerospace Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the 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

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) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition, we also 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

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 March 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
3 October 2008

Mettis Aerospace Limited

Profit and loss account for the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Turnover	2	**52,997**	46,158
Cost of sales		**(44,345)**	(38,736)
Gross profit		**8,652**	7,422
Distribution costs		**(1,135)**	(1,160)
Administrative expenses		**(2,895)**	(3,330)
Operating profit before amortisation of intangible fixed assets		**5,443**	3,753
Amortisation of intangible fixed assets		**(821)**	(821)
Operating profit		**4,622**	2,932
Net interest payable	6	**(1,340)**	(218)
Profit on ordinary activities before taxation	5	**3,282**	2,714
Tax charge on profit on ordinary activities	7	**(1,254)**	(1,094)
Profit for the financial year	19	**2,028**	1,620

The turnover and results above relate to continuing operations

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

Statement of total recognised gains and losses for the year ended 31 March 2008

	Year ended 31 March 2008 £'000	Year ended 1 April 2007 £'000
Profit for the financial year	**2,028**	1,620
Actuarial loss on pension scheme (note 17)	**(202)**	(1,277)
Corporation tax credit on pension scheme (note 20)	**61**	383
Total gains and losses recognised since last annual report	**1,887**	726

Mettis Aerospace Limited

Balance sheet as at 31 March 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Intangible assets	8	**7,839**	8,660
Tangible assets	9	**11,727**	11,287
Investments	10	**297**	297
		19,863	20,244
Current assets			
Stocks	11	**8,889**	8,502
Debtors	12	**18,151**	13,025
Cash at bank and in hand		**3,742**	3,457
		30,782	24,984
Creditors amounts falling due within one year	13	**(18,256)**	(10,818)
Net current assets		**12,526**	14,166
Total assets less current liabilities		**32,389**	34,410
Creditors amounts falling due after one year	14	**(5,605)**	(9,513)
Net assets excluding pension liability		**26,784**	24,897
Net pension liability	17	**-**	-
Net assets including pension liability		**26,784**	24,897
Capital and reserves			
Called up share capital	18	**25,559**	25,559
Profit and loss account	19	**1,225**	(662)
Total shareholders' funds	20	**26,784**	24,897

The financial statements on pages 6 to 21 were approved by the board of directors on 3 October 2008 and were signed on its behalf by

A J MacPherson
Director

Mettis Aerospace Limited

Notes to the financial statements for the year ended 31 March 2008

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 1985 A summary of the principal accounting policies, which have been applied consistently is set out below

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention and on a going concern basis The entire Mettis Aerospace Group of which the company is a part has long term credit facilities with external banks and with its shareholders The group is currently in compliance with financial covenants required by the external credit facilities and the directors have a reasonable expectation that there will be no default for the foreseeable future

Consolidation

These financial statements include information about Mettis Aerospace Limited as an individual company and do not contain consolidated financial information as a parent of a group The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, Mettis Group Limited, a company incorporated in England

Cash flow

The company is exempt from the requirement of Financial Reporting Standard No 1 (Revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Mettis Group Limited, and its cash flows are included within the consolidated cash flow statement of that company

Investment in subsidiaries

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

Turnover

Turnover represents the value of goods and services delivered during the year excluding value added or other sales taxes

Stocks

Stocks are valued at the lower of cost and net realisable value, due allowance having been made for slow moving and obsolete stock In respect of work in progress, cost includes all direct costs of production and the appropriate proportion of production overheads

Where appropriate, provision is made for obsolete, slow moving and defective stocks

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over their estimated lives as follows

Plant and equipment	4 to 15 years
Fixtures and fittings	5 to 10 years
Motor vehicles	4 years
Dies and tooling	3 to 5 years

Mettis Aerospace Limited

Notes to the financial statements for the year ended 31 March 2008 (continued)

1 Principal accounting policies (continued)

Dies and tooling

Engineering and material costs relating to the production of dies and tools are capitalised within plant and machinery and are depreciated over the estimated useful lives of the respective products

Intangible fixed assets

Intangible fixed assets are stated at their cost less amortisation The periods over which amortisation is charged are

Goodwill	20 years
Know-how	15 years

Goodwill represents the difference between the fair value of the consideration for the acquisition of the business and the fair value of the net assets acquired Goodwill is written off over the period which the directors estimate the value of the underlying business acquired is expected to exceed the value of the identifiable net assets, but limited to 20 years When it is apparent that the carrying value of goodwill exceeds the estimated net present value of future cash flows less operating assets, an impairment provision is charged against the profit for the period

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are in the financial statements

Deferred tax is provided on all timing differences in accordance with FRS 19 "Deferred Tax" and is recognised as a liability or an asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future Deferred tax assets are recognised to the extent they are regarded as recoverable Deferred tax assets and liabilities recognised have not been discounted

Leasing and hire purchase

Assets acquired under finance leases and hire purchase arrangements are capitalised and the related liabilities, excluding finance charges, are included in borrowings Finance charges in respect of such assets are charged in the profit and loss account Operating lease rentals are written off on a straight line basis over the lease period

Research and development

Research and development expenditure is written off as incurred

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year Any differences arising are taken to the profit and loss account in the period in which they arise

Pension scheme arrangements

The Company operates a number of defined benefit and defined contribution schemes The defined benefit schemes are closed to new entrants and existing members do not accrue further benefits in the schemes Pension costs and contributions for the defined benefit schemes are accounted for in accordance with FRS 17 "Retirement Benefits" The financial statements reflect at fair value the assets and liabilities arising from the employer's retirement benefit obligations and any related funding The operating costs of providing retirement benefits to employees are recognised in the accounting periods in which the benefits are earned by the employees, and the related finance costs and any other changes in the value of the assets and liabilities are recognised in the accounting periods in which they arise

Borrowings

All borrowings are initially stated at the fair value of the consideration received after the deduction of loan finance costs In accordance with FRS4, these costs are charged to the profit and loss account over the estimated life of the relevant borrowings

2 Turnover

	2008 £'000	2007 £'000
By geographical area of destination:		
United Kingdom	**34,513**	30,140
Europe	**7,356**	7,065
United States	**7,820**	6,070
Far East	**2,653**	2,715
Other	**655**	168
	52,997	46,158

The company's activities consist solely of the manufacture of forged and machined components for the Aerospace industry

3 Directors' emoluments

	2008 £'000	2007 £'000
Aggregate emoluments (including benefits in kind)	**820**	566
Pension contributions	**42**	34
Compensation for loss of office	**-**	145
	862	745
Highest paid director:		
Aggregate emoluments (including benefits in kind)	**343**	197
Pension contributions	**17**	15

Retirement benefits are accruing to 4 (2007 4) directors under defined contribution schemes

4 Employee information

Average monthly number of persons employed during the year	2008 Number	2007 Number
By activity		
Manufacturing	**457**	423
Finance, sales, and administration	**158**	162
	615	585

	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	**14,866**	14,384
Social security costs	**1,471**	1,385
Pension costs	**526**	705
	16,863	16,474

5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging the following	2008 £'000	2007 £'000
Depreciation – owned assets	**1,943**	1,450
– leased assets	**70**	369
Amortisation of intangible fixed assets	**821**	821
Group property rental	**420**	420
Operating lease rentals payable - hire of plant and machinery	**116**	109
- other	**29**	63
Loss on disposal of fixed assets	**8**	1
Costs incurred in the refinancing of the business	**124**	-
Auditors' remuneration	**37**	48

Notes to the financial statements for the year ended 31 March 2008 (continued)

6 Net interest payable

	2008 £'000	2007 £'000
Interest payable		
On bank loans and overdrafts	1,045	86
On finance leases	-	114
On hire purchase agreements	14	-
Issue costs written –off	256	-
Other	25	18
	1,340	218

7 Tax charge on profit on ordinary activities

	2008 £'000	2007 £'000
Current tax.		
UK corporation tax at 30% (2007 30%) for the period	536	683
Adjustment in respect of prior periods	(54)	-
Total current tax charge	482	683
Deferred tax:		
- origination and reversal of timing differences (ACA and other)		
- current year	900	315
- prior year	(128)	-
- pension cost charge in excess of pension cost relief	-	96
Total deferred tax charge (note 16)	772	411
Tax charge on profit on ordinary activities	1,254	1,094

Due to the Finance Act 2007, the standard rate of taxation in the United Kingdom will be reduced from 30% to 28% This takes effect from April 2008 This has had the impact of increasing the deferred tax charge for the period by £48,000 For the financial year ended 31 March 2009 the effective tax rate will be 28%

The tax assessed for the period is lower (2007 lower) than the standard rate of corporation tax in the UK (30%)

Mettis Aerospace Limited

Notes to the financial statements for the year ended 31 March 2008 (continued)

7 Tax charge on profit on ordinary activities (continued)

The differences are explained below

	2008	2007
	£'000	£'000
Profit on ordinary activities before taxation	**3,282**	2,714
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2007 30%)	**985**	814
Effects of -		
Non deductible and non taxable items	**405**	280
Accelerated capital allowances	**(525)**	(315)
Pension charge in excess of pension cost relief	**-**	(96)
Other timing differences	**(329)**	-
Adjustment in respect of prior periods	**(54)**	-
Current tax charge for the year	**482**	683

8 Intangible fixed assets	Know-how	Purchased goodwill	Total
	£'000	£'000	£'000
Cost			
At 1 April 2007 and 31 March 2008	3,000	12,393	15,393
Amortisation			
At 1 April 2007	2,017	4,716	6,733
Charge for the year	200	621	821
At 31 March 2008	**2,217**	**5,337**	**7,554**
Net book value			
At 31 March 2008	**783**	**7,056**	**7,839**
At 1 April 2007	983	7,677	8,660

9 Tangible fixed assets

	Plant, equipment, fixtures, fittings and motor vehicles
	£'000
Cost	
At 1 April 2007	27,744
Additions	2,462
Disposals	(28)
At 31 March 2008	**30,178**
Accumulated depreciation	
At 1 April 2007	16,457
Charge for the year	2,013
Disposals	(19)
At 31 March 2008	**18,451**
Net book value	
At 31 March 2008	**11,727**
At 1 April 2007	11,287

The net book value of assets held under hire purchase agreements and finance leases and included within plant, equipment, fixtures, fittings and motor vehicles is £1,257,833 (2007 £3,613,469) Depreciation on assets held under hire purchase agreements and finance leases amounted to £70,379 (2007 £369,334)

10 Investments

The company owns the whole of the issued share capital of Light-Metal Forgings Limited and Anslow Limited, companies registered in England and Wales, which were dormant throughout the year

	£'000
Investment in subsidiary undertakings	
Cost and net book value at 31 March 2008 and 1 April 2007	297

11 Stocks

	2008	2007
	£'000	£'000
Raw materials	**1,607**	1,304
Work in progress	**6,966**	6,834
Finished goods	**316**	364
	8,889	8,502

The book value of stocks is not materially different from their replacement cost

12 Debtors

	2008	2007
	£'000	£'000
Trade debtors	**12,353**	11,437
Other debtors	**107**	56
Prepayments and accrued income	**246**	94
Amounts owed by ultimate parent undertaking	**4,779**	-
Deferred taxation (note 16) – amount due after one year	**666**	1,438
	18,151	13,025

Amounts owed by the ultimate parent undertaking are payable on demand and are not interest bearing

13 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Bank loans (note 15)	**7,026**	404
Obligations under finance leases	**-**	756
Obligations under hire purchase agreements	**209**	-
Trade creditors	**7,329**	7,361
Other taxation and social security	**1,083**	654
Other creditors	**287**	448
Accruals	**1,497**	1,195
Payments in advance	**825**	-
	18,256	10,818

Payments in advance relate to receipts for supplies under a trade agreement

14 Creditors: amounts falling due after one year

	2008 £'000	2007 £'000
Amounts owed to ultimate parent undertaking	**-**	5,450
Amounts owed to fellow group undertakings	**2,421**	2,000
Bank loans (note 15)	**2,500**	555
Obligations under finance leases	**-**	1508
Obligations under hire purchase agreements	**684**	-
	5,605	9,513

Amounts owed to group undertakings are payable on demand, unsecured and are not interest bearing

Net obligations under finance leases are payable as follows

	2008 £'000	2007 £'000
Within one year	**-**	756
In more than one year, but not more than five years	**-**	1,508
Total	**-**	2,264

14 Creditors: amounts falling due after one year (continued)

Net obligations under hire purchase agreements are payable as follows

	2008 £'000	2007 £'000
Within one year	**208**	-
In more than one year, but not more than five years	**476**	-
Total	**684**	-

15 Bank loans

	2008 £'000	2007 £'000
Bank loans	**9,526**	959
Total bank loans	**9,526**	959
Analysis by year of repayment:		
Due within one year	**7,026**	404
Amounts payable by instalments		
Between 1 and 2 years	**1,200**	400
Between 2 and 5 years	**1,300**	155
Total bank loans	**9,526**	959

The bank loans are secured on certain assets of the company and are subject to floating interest rates based on LIBOR

16 Deferred taxation

The amounts of deferred taxation provided are as follows

	2008 £'000	2007 £'000
Accelerated capital allowances	**7**	(356)
Other timing differences including pension spreading	**(673)**	(1,082)
Deferred tax excluding that relating to pension liability	**(666)**	(1,438)
Deferred tax asset on pension liability (note 17)	**-**	-
Total deferred tax asset (included within debtors)	**(666)**	(1,438)

There are no deferred tax assets or liabilities that are not provided for in these financial statements (2007 £Nil)

16 Deferred taxation (continued)

Movement of deferred tax asset:	£'000
At 1 April 2007	(1,438)
Charged in the profit and loss account (note 7)	772
At 31 March 2008	**(666)**

17 Pension and similar obligations

Mettis Aerospace Limited operates two pension schemes, namely the Mettis Group Pension Scheme, and the High Duty Alloys Pension Scheme

Defined contribution schemes.

The Mettis Group Pension Scheme and the Red and Purple Sections of the High Duty Alloys Pension Scheme are funded defined contribution arrangements The pension charge for these arrangements is equal to the actual contributions payable in the year The pension charge for the year for defined contribution arrangements was £526,000 (2007 £462,000)

Defined benefit schemes

The Mettis Group Final Salary Pension Scheme and the Blue and Green Sections of the High Duty Alloys Pension Scheme, are defined benefit schemes Both Schemes closed to new members on 5 October 2006 During the year, the Company paid contributions into the schemes totalling £202,000

The FRS17 results have been based on the most recent actuarial valuations carried out as at 5 April 2006 updated to 31 March 2008 by a qualified actuary

Actuarial Assumptions	31 March 2008	1 April 2007	2 April 2006
Rate of increase in pensions in payment	**3.40%**	3 00%	2 60%
Discount rate	**6.50%**	5 40%	5 00%
Inflation assumption	**3.40%**	3 00%	2 75%

Assets in the Schemes	Market related long term rate of return 31 March 2008	1 April 2007	2 April 2006	Value £'000 31 March 2008	1 April 2007	2 April 2006
Equities	**8 00%**	8 00%	7 50%	**3,843**	7,650	22,676
Bonds	**6 50%**	5 50%	4 50%	**18,403**	14,911	9,758
Property	**8 00%**	8 00%	7 50%	**2,893**	2,955	-
Absolute return fund	**8.00%**	8 00%	N/A	**11,988**	11,660	-
Cash	**5.00%**	5 00%	4 50%	**198**	340	175
				37,325	37,516	32,609

Mettis Aerospace Limited

Notes to the financial statements for the year ended 31 March 2008 (continued)

17 Pension and sımilar obligations (continued)

FRS17 valuatıon of pensıon scheme assets & lıabılıtıes	31 March 2008	1 Aprıl 2007	2 Aprıl 2006
	£'000	£'000	£'000
Total market value of assets	**37,325**	37,516	32,609
Present value of scheme lıabılıtıes	**(34,272)**	(36,696)	(36,265)
Surplus/(deficıt) ın scheme	**3,053**	820	(3,656)
Related deferred tax asset	-	-	1,097
Restrıcted surplus	**(3,053)**	(820)	-
Net pensıon lıabılıty	-	-	(2,559)

FRS17 requıres that any surplus ıs restrıcted to the amount that the employer could recover through future contrıbutıons or through refunds from the scheme Refunds are not avaılable based on the current fundıng posıtıon

Amounts charged to operatıng profit	31 March 2008	1 Aprıl 2007
	£'000	£'000
Current servıce cost	-	-
Curtaılment gaın	-	-
Total operatıng (credıt)	-	-
Amounts (credıted)/charged to other finance ıncome		
Expected return on pensıon scheme assets	**2,573**	2,277
Restrıcted pensıon surplus	**(627)**	(489)
Interest on pensıon scheme lıabılıtıes	**(1,946)**	(1,788)
Net return	-	-

Mettis Aerospace Limited

Notes to the financial statements for the year ended 31 March 2008 (continued)

17 Pension and similar obligations (continued)

	31 March 2008 £'000	1 April 2007 £'000
Amounts recognised in statement of total recognised gains & losses (STRGL)		
Actual return less expected return on pension scheme assets	**(1,643)**	(1,306)
Restricted pension surplus	**(1,606)**	(331)
Experience gains and losses on pension scheme liabilities	**-**	-
Change in assumptions underlying pension scheme liabilities	**3,047**	360
Actuarial gains and losses in STRGL	**(202)**	(1,277)
Movement in deficit during the year:		
Deficit in scheme at beginning of the year	-	(3,656)
Current service cost	-	-
Contributions	**202**	4,933
Actuarial loss	**(202)**	(1,277)
Surplus/(deficit) in scheme at the end of the year	-	-

History of experience gains / (losses)	31March 2008	1 April 2007	2 April 2006	3 April 2005	2 April 2004
Difference between actual and expected return on assets - £'000	**(1,643)**	(1,306)	3,558	827	2,944
Percentage of scheme assets	**(4.4%)**	(3 5%)	10 9%	3 0%	11 5%
Experience gains and (losses) on scheme liabilities - £'000	**-**	-	(223)	1,487	(334)
Percentage of the present value of the scheme liabilities	**0.0%**	0 0%	(0 6%)	4 5%	(1 1%)
Total amount recognised in statement of total recognised gains and (losses) - £'000	**(202)**	(1277)	879	(23)	842
Percentage of the present value of the scheme liabilities	**(0 6%)**	(3 5%)	2 4%	(0 1%)	2 7%

Mettis Aerospace Limited

Notes to the financial statements for the year ended 31 March 2008 (continued)

18 Called up share capital

	2008 £'000	2007 £'000
Authorised		
25,559,356 (2007 25,559,356) ordinary shares of £1 each	**25,559**	25,559
Allotted, called up and fully paid		
25,559,356 (2007 25,559,356) ordinary shares of £1 each	**25,559**	25,559

19 Profit and loss account

	2008 £'000	2007 £'000
At 1 April 2007	**(662)**	(1,388)
Profit for the financial year	**2,028**	1,620
Actuarial loss on pension scheme	**(202)**	(1,277)
Corporation tax credit on pension scheme	**61**	383
At 31 March 2008	**1,225**	(662)

20 Reconciliation of movements in total shareholders' funds

	2008 £'000	2007 £'000
Profit for the financial year	**2,028**	1,620
Actuarial loss on pension scheme	**(202)**	(1,277)
Corporation tax credit on pension scheme	**61**	383
Net movement in total shareholders' funds	**1,887**	726
Opening total shareholder's funds	**24,897**	24,171
Closing total shareholders' funds	**26,784**	24,897

The corporation tax credit of £61,000 (2007 £383,000) relates to the tax relief on pension contributions allocated to the actuarial loss on the pension scheme

21 Capital commitments

	2008 £'000	2007 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	1,056	265

22 Operating leases commitments

The company had annual commitments under non-cancellable operating leases for leases expiring as follows

	2008		2007	
	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
Within one year	-	20	14	15
Between two and five years	22	37	39	51
After more than five years	1	-	1	-
	23	57	54	66

23 Contingent liabilities

The company is a party to a group banking arrangement The company's bank borrowings at any time are secured by a fixed and floating charge on the assets of the company There were contingent liabilities at the year end under letters of indemnity given by the bank of £50,000 (2007 £50,000) in favour of HM Revenue and Customs for duty deferment

24 Related party transactions

The company has taken advantage of the exemption given in Financial Reporting Standard No 8 Related Party Disclosures with respect to inter group disclosures as Mettis Group Limited controls at least 90% of the company's voting share capital and its group accounts are publicly available

25 Ultimate parent company and controlling party

The immediate parent company is High Duty Alloys Limited, a company incorporated in England

Mettis Group Limited a company incorporated in England heads the smallest and the largest group to consolidate these financial statements Copies of the Mettis Group Limited consolidated financial statements can be obtained from the Company Secretary, Mettis Group Limited, Windsor Road, Redditch, Worcestershire, B97 6EF

Saints Capital Chamonix LP held over 50% of the equity of Mettis Group Limited at 31 March 2008 As a result the directors consider that the Group is effectively controlled by Saints Capital Chamonix LP, the registered office of which is 475 Sansome Street, Suite 1850, San Francisco, CA 94111