

**Seton House Technical Services Limited**

**Directors' report and financial  
statements**

Registered number 361019

Year ended 31 December 2007

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## Directors' report

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

### Principal activities

The company continues to operate as an intermediate parent undertaking

### Review of business

The profit and loss account for the year is set out on page 5

### Dividends

The directors do not recommend the payment of a dividend (2006 £Nil)

### Directors and their interests

The directors who held office during the year were as follows

SL Duffield – resigned 30 April 2007

DG Robertson – resigned 30 April 2007

SD McCaslin

JP Findler – appointed 30 April 2007, resigned 4 December 2007

J McComasky – appointed 30 April 2007

PD Carter – appointed 5 November 2007

MA Kayser was appointed as a director of the company on 10 April 2008

### 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### Auditors

The company has elected to dispense with the annual re-appointment of auditors and in the absence of a specific resolution KPMG LLP will continue in office

By order of the board



SD McCaslin  
Director

Watchmoor Point  
Watchmoor Road  
Camberley  
Surrey  
GU15 3EX

24 April 2008

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 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.



**KPMG LLP**

2 Cornwall Street  
Birmingham  
B3 2DL  
United Kingdom

## **Independent auditors' report to the members of Seton House Technical Services Limited**

We have audited the financial statements of Seton House Technical Services Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet 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 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 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.

**Independent auditors' report to the members of Seton House Technical Services Limited** *(continued)*

**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 December 2007 and of its loss 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

*WHL WP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

24 April 2008

**Profit and loss account**  
*for the year ended 31 December 2007*

	<i>Note</i>	<b>2007</b> <b>£</b>	<b>2006</b> <b>£</b>
Administrative expenses		<b>65</b>	<b>49</b>
<b>Operating loss</b>		<b>(65)</b>	<b>(49)</b>
Profit on transfer of investment in subsidiaries		-	64,999
Net interest payable	3	<b>(51,134)</b>	-
<b>Profit/(loss) on ordinary activities before taxation</b>	4	<b>(51,199)</b>	<b>64,950</b>
Tax on profit/(loss) on ordinary activities	5	<b>15,360</b>	<b>15</b>
<b>Profit/(loss) on ordinary activities after tax</b>	9	<b>(35,839)</b>	<b>64,965</b>

All amounts relate to continuing operations

There are no recognised gains or losses for the current or prior financial years other than those presented above

**Balance sheet**  
*at 31 December 2007*

	<i>Note</i>	<b>2007</b> £	<b>2006</b> £
<b>Fixed assets</b>			
Investments	6	2,491,954	1,691,954
<b>Creditors</b> amounts falling due within one year	7	(2,384,857)	(1,549,018)
<b>Net current liabilities</b>		<u>(2,384,857)</u>	<u>(1,549,018)</u>
<b>Net assets</b>		<u>107,097</u>	<u>142,936</u>
<b>Capital and reserves</b>			
Called up share capital	8	3,912,384	3,912,384
Profit and loss account	9	(3,805,287)	(3,769,448)
<b>Equity shareholders funds</b>	10	<u>107,097</u>	<u>142,936</u>

These financial statements were approved by the directors and signed on their behalf on 24 April 2008 by



**SD McCaslin**  
 Director



## Notes

*(forming part of 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 accounting*

The financial statements are prepared in accordance with the historical cost convention and applicable accounting standards

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

#### *Taxation*

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 not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Cash flow statement*

The company is exempt under Financial Reporting Standard 1(revised) from the requirement to present a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### *Related party transactions*

As permitted by paragraph 3(c) FRS8 (Related Party Disclosures), the company has taken advantage of the exemption for 90% subsidiaries not to disclose related party transactions with group entities. There were no other related party transactions disclosable under FRS8.

#### *Going concern*

The financial statements have been prepared on a going concern basis. The financial statements show net current liabilities of £2,384,857. However, the directors believe that the company will continue to trade for the foreseeable future and have concluded that the going concern basis of preparation is appropriate. They have received an undertaking from Seton House Group Limited that they will provide such financial support as is necessary to enable the company to continue trading for at least one year from the date of signing these financial statements.

#### *Fixed asset investments*

Investments in subsidiary undertakings are stated at cost less provision of impairment where necessary to reduce book value to recoverable amount.

### 2 Directors emoluments

No director received emoluments for services to the company during the year (2006 £Nil)

### 3 Net Interest payable

	2007 £	2006 £
On bank loans and overdrafts	51,134	-

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

Auditors' remuneration is borne by another group company

## Notes (continued)

### 5 Tax on profit/(loss) on ordinary activities

#### Analysis of (credit)/charge in period

	2007 £	2006 £
UK corporation tax		
Current year recoverable	15,360	(15)
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities	15,360	(15)
	<hr/>	<hr/>

#### Factors affecting the tax charge for the current period

The current tax charge for the period is at (2006 lower than) the standard rate of corporation tax in the UK of 30% (2006 30%)

	2007 £	2006 £
Current tax reconciliation		
(Loss) / profit on ordinary activities before taxation	(51,199)	64,950
	<hr/>	<hr/>
Current tax at 30% (2006 30%)	(15,360)	19,485
	<hr/>	<hr/>
Effects of		
Expenses not deductible for tax purposes	-	(19,500)
	<hr/>	<hr/>
Total current tax recoverable (see above)	(15,360)	(15)
	<hr/>	<hr/>

#### Factors that may affect future current and total tax charges

The corporation tax rate applicable to the UK companies within the group changed from 30% to 28% on 1 April 2008

### 6 Fixed asset investments

	Interests in group undertakings £
Cost	
At beginning of year	18,845,900
Additions	800,000
	<hr/>
At end of year	19,645,900
	<hr/>
Provision for impairment in value	
At beginning and end of year	17,153,946
	<hr/>
Net book value	
At 31 December 2007	2,491,954
	<hr/>
At 31 December 2006	1,691,954
	<hr/>

## Notes (continued)

### 6 Fixed asset investments (continued)

#### Interests in group undertakings

The principal subsidiary companies are as follows

Company	Country of incorporation	Principal activities
Premium Aircraft Interiors Group Limited	Great Britain	Administrative Company for the Group's Aircraft Division
Seton House Investments Limited	Great Britain	Holding company

All subsidiaries are 100% owned by the company All companies operate principally in their country of incorporation

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

	2007	2006
	£	£
Bank overdraft	2,384,768	1,533,569
Corporation tax payable	89	15,449
	<u>2,384,857</u>	<u>1,549,018</u>

### 8 Called up share capital

	Number of shares	Authorised £	Allotted, called up and fully paid Number of Shares	£
Ordinary shares of £1 each				
At beginning and end of year	4,000,000	4,000,000	3,912,384	3,912,384
	<u>4,000,000</u>	<u>4,000,000</u>	<u>3,912,384</u>	<u>3,912,384</u>

### 9 Profit and loss account

	£
At beginning of year	(3,769,448)
Retained loss for the financial year	(35,839)
	<u>(3,805,287)</u>
At end of year	<u>(3,805,287)</u>

## Notes (continued)

### 10 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
(Loss) / profit for the financial year	(35,839)	64,965
Shareholders' funds at beginning of year	142,936	77,971
	<hr/>	<hr/>
Shareholders' funds at end of year	107,097	142,936
	<hr/>	<hr/>

### 11 Contingent liabilities

The company is a party to multi-lateral cross guarantee structures in respect of the indebtedness of PAIG International Limited and certain other subsidiaries of Seton House Group Limited to HSBC Bank PLC and Barclays Bank PLC

The company is also a guarantor of term and revolving debt facilities, totalling at 31 December 2007 £51 million, which are available to Seton House Group Limited and certain of its subsidiaries

### 12 Immediate and ultimate parent undertaking

The company's immediate parent company is PAIG International Limited and ultimate parent company is PAIG Investments Limited. The largest group in which the results of the company are consolidated is that headed by Seton House Group Limited, incorporated in Great Britain. The consolidated financial statements of Seton House Group Limited are available to the public and may be obtained from The Secretary, Watchmoor Point, Watchmoor Road, Camberley, Surrey, GU15 3EX