

Company Registration No. 877142 (England and Wales)

FLYING SERVICE ENGINEERING (SALES) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2003



FLYING SERVICE ENGINEERING (SALES) LIMITED

COMPANY INFORMATION

Directors	E.A. Burne R.E. Burne
Secretary	R.E. Burne
Company number	877142
Registered office	5 Curfew Yard, Thames Street Windsor Berkshire SL4 1SN
Auditors	Foreman & Hill 5 Curfew Yard, Thames Street Windsor Berkshire SL4 1SN
Business address	Unit 5, Springfield Road Chesham Buckinghamshire England HP5 1PP

FLYING SERVICE ENGINEERING (SALES) LIMITED

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FLYING SERVICE ENGINEERING (SALES) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2003

The directors present their report and financial statements for the year ended 31 October 2003.

Principal activities

The principal activity of the group continued to be that of the manufacture of aircraft seats and other interior fittings.

Directors

The following directors have held office since 1 November 2002:

E.A. Burne

R.E. Burne

In addition R. E. Burne owns 235 ordinary shares in the company's subsidiary Flying Service Engineering & Equipment Limited (2002 - 235 Ordinary shares).

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 October 2003	1 November 2002
E.A. Burne	10	10
R.E. Burne	10	10

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Foreman & Hill be reappointed as auditors of the company will be put to the Annual General Meeting.

FLYING SERVICE ENGINEERING (SALES) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2003

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

R.E. Burne 3-9-04

.....
R.E. Burne
Director
.....

FLYING SERVICE ENGINEERING (SALES) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FLYING SERVICE ENGINEERING (SALES) LIMITED

We have audited the financial statements of FLYING SERVICE ENGINEERING (SALES) LIMITED on pages 5 to 10 for the year ended 31 October 2003. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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 judgements 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.

FLYING SERVICE ENGINEERING (SALES) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF FLYING SERVICE ENGINEERING (SALES) LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Foreman & Hill

Chartered Accountants
Registered Auditor

7 September 2004

5 Curfew Yard, Thames Street
Windsor
Berkshire
SL4 1SN

FLYING SERVICE ENGINEERING (SALES) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2003

	Notes	2003 £	2002 £
Turnover		127,522	325,017
Administrative expenses		(4,648)	(560)
Operating profit	2	122,874	324,457
Other interest receivable and similar income	3	47,393	64,812
Profit on ordinary activities before taxation		170,267	389,269
Tax on profit on ordinary activities	4	-	34,413
Profit on ordinary activities after taxation		170,267	423,682
Dividends		(300,000)	(600,000)
Retained loss for the year	10	(129,733)	(176,318)

FLYING SERVICE ENGINEERING (SALES) LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	5		92,016		95,014
Investments	6		234,103		234,103
			<u>326,119</u>		<u>329,117</u>
Current assets					
Debtors	7	715		715	
Cash at bank and in hand		1,035,409		1,288,076	
		<u>1,036,124</u>		<u>1,288,791</u>	
Creditors: amounts falling due within one year	8	(652,744)		(778,677)	
Net current assets			<u>383,380</u>		<u>510,114</u>
Total assets less current liabilities			<u>709,499</u>		<u>839,231</u>
Capital and reserves					
Called up share capital	9		30		30
Share premium account	10		9,990		9,990
Profit and loss account	10		699,479		829,211
Shareholders' funds			<u>709,499</u>		<u>839,231</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on

R.E. Burne 3-9-04
 R.E. Burne
 Director

FLYING SERVICE ENGINEERING (SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% Straight line
Motor vehicles	NIL all disposed 2002

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Operating profit	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	2,998	2,998
Auditors' remuneration	1,590	1,500
	<u> </u>	<u> </u>
3 Investment income	2003	2002
	£	£
Bank interest	47,393	64,812
	<u> </u>	<u> </u>
4 Taxation	2003	2002
	£	£
Domestic current year tax		
Adjustment for prior years	-	(34,413)
	<u> </u>	<u> </u>
Current tax charge	-	(34,413)
	<u> </u>	<u> </u>

The taxable profit for the year ended 31 October 2003 has been equally matched by tax losses surrendered by the subsidiary company, so no corporation tax is payable for the year.

FLYING SERVICE ENGINEERING (SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2003

5 Tangible fixed assets

	Land and buildings
	£
Cost	
At 1 November 2002 & at 31 October 2003	149,886
Depreciation	
At 1 November 2002	54,872
Charge for the year	2,998
At 31 October 2003	57,870
Net book value	
At 31 October 2003	92,016
At 31 October 2002	95,014

FLYING SERVICE ENGINEERING (SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2003

6 Fixed asset investments

	Shares in group undertakings and participating interests £
Cost	
At 1 November 2002 & at 31 October 2003	234,103

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Flying Service Eng. & Equip. Ltd	England & Wales	Ordinary	91

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2003 £	Profit for the year 2003 £
Flying Service Eng. & Equip. Ltd	1,598,226	(882,958)

The holding at 31st October 2002 represents 91.4% (2001: 91.4%) of the issued ordinary share capital of the company Flying Service Engineering and Equipment Limited (incorporated in England and Wales), a manufacturer of aircraft seats and other interior fittings.

7 Debtors	2003 £	2002 £
Other debtors	715	715

FLYING SERVICE ENGINEERING (SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2003

8	Creditors: amounts falling due within one year	2003	2002
		£	£

Amounts owed to group undertakings and undertakings in which the company has a participating interest

646,091 773,706

Taxation and social security

5,063 3,381

Other creditors

1,590 1,590

652,744 778,677

9	Share capital	2003	2002
		£	£

Authorised

100 Ordinary shares of £1 each

100 100

Allotted, called up and fully paid

30 Ordinary shares of £1 each

30 30

10 Statement of movements on reserves

	Share premium account £	Profit and loss account £
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Balance at 1 November 2002

9,990 829,212

Retained loss for the year

- (129,733)

Balance at 31 October 2003

9,990 699,479

11 Related party transactions

The company made sales of £127,522 (2002 £325,017) to its subsidiary undertaking, Flying Service Engineering and Equipment Limited.