

C^o Ltd.

Company Registration No. 877142 (England and Wales)

FLYING SERVICE ENGINEERING (SALES) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2000



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

CONTENTS

	Page
Directors' report	1
Auditors' report	2
Profit and loss account	3
Balance sheet	4
Notes to the financial statements	5 - 9

FLYING SERVICE ENGINEERING (SALES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2000

The directors present their report and financial statements for the year ended 31 October 2000.

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 1999:

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 (1999 235 Ordinary shares).

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 October 2000	1 November 1999
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.

Directors' responsibilities

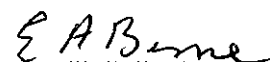
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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



E.A. Burne

Director

16/08/01

FLYING SERVICE ENGINEERING (SALES) LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF FLYING SERVICE ENGINEERING (SALES) LIMITED

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

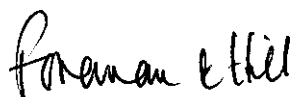
Basis of opinion

We conducted our audit in accordance with 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.

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 2000 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

.....17/08/01.....

5 Curfew Yard, Thames Street

Windsor

Berkshire

SL4 1SN

FLYING SERVICE ENGINEERING (SALES) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2000

	Notes	2000 £	1999 £
Turnover		733,419	1,439,559
Administrative expenses		(110,114)	(109,644)
Operating profit	2	623,305	1,329,915
Other interest receivable and similar income		126,548	90,347
Profit on ordinary activities before taxation		749,853	1,420,262
Tax on profit on ordinary activities	3	(222,038)	(432,242)
Profit on ordinary activities after taxation		527,815	988,020
Dividends		(600,000)	(600,000)
Retained (loss)/profit for the year	10	(72,185)	388,020

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

FLYING SERVICE ENGINEERING (SALES) LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2000

	Notes	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	4	101,010		104,008	
Investments	5	234,103		234,103	
		<u>335,113</u>		<u>338,111</u>	
Current assets					
Debtors	6	44,906		44,906	
Cash at bank and in hand		2,029,345		1,602,865	
		<u>2,074,251</u>		<u>1,647,771</u>	
Creditors: amounts falling due within one year	7	<u>(1,210,355)</u>		<u>(714,687)</u>	
Net current assets			<u>863,896</u>		<u>933,084</u>
Total assets less current liabilities			<u>1,199,009</u>		<u>1,271,195</u>
Capital and reserves					
Called up share capital	9	30		30	
Share premium account	10	9,990		9,990	
Profit and loss account	10	1,188,989		1,261,175	
Shareholders' funds - equity interests	11	<u>1,199,009</u>		<u>1,271,195</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.

The financial statements were approved by the Board on 16/08/01

E.A. Burne

E.A. Burne
Director

FLYING SERVICE ENGINEERING (SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

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	25% Straight line

1.4 Investments

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

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.7 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	2000	1999
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	2,998	2,998
Auditors' remuneration	1,500	1,450
Directors' emoluments	96,000	96,000
	<u> </u>	<u> </u>
3 Taxation	2000	1999
	£	£
U.K. current year taxation		
U.K. corporation tax at 30% (1999 - 30%)	224,921	431,954
Prior years		
U.K. corporation tax	(2,883)	288
	<u> </u>	<u> </u>
	<u>222,038</u>	<u>432,242</u>

FLYING SERVICE ENGINEERING (SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2000

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 November 1999 & at 31 October 2000	149,886	48,270	198,156
Depreciation			
At 1 November 1999	45,878	48,270	94,148
Charge for the year	2,998	-	2,998
At 31 October 2000	48,876	48,270	97,146
Net book value			
At 31 October 2000	101,010	-	101,010
At 31 October 1999	104,008	-	104,008

FLYING SERVICE ENGINEERING (SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2000

5 Fixed asset investments

	Shares in group undertakings and participating interests £
Cost	
At 1 November 1999 & at 31 October 2000	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	England & Wales	Ordinary	91
Engineering and			0
Equipment Ltd.			0

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	Profit for the year
Flying Service	2,402,325	317,618
Engineering and	-	-
Equipment Ltd.	-	-

The holding at 31st October 2000 represents 91.4% (1999: 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.

6 Debtors	2000 £	1999 £
Other debtors	44,906	44,906

FLYING SERVICE ENGINEERING (SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2000

7	Creditors: amounts falling due within one year	2000 £	1999 £
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	670,330	(336,452)
	Taxation and social security	537,145	749,689
	Other creditors	2,880	301,450
		<u>1,210,355</u>	<u>714,687</u>

8 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,000(1999 - £9,000).

9	Share capital	2000 £	1999 £
	Authorised		
	100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>
	Allotted, called up and fully paid		
	30 Ordinary shares of £ 1 each	<u>30</u>	<u>30</u>

10 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 November 1999	9,990	1,261,174
Retained loss for the year	-	(72,185)
Balance at 31 October 2000	<u>9,990</u>	<u>1,188,989</u>

FLYING SERVICE ENGINEERING (SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2000

11 Reconciliation of movements in shareholders' funds	2000 £	1999 £
Profit for the financial year	527,815	988,020
Dividends	(600,000)	(600,000)
Net (depletion in)/addition to shareholders' funds	(72,185)	388,020
Opening shareholders' funds	1,271,195	883,175
Closing shareholders' funds	1,199,009	1,271,195

12 Contingent liabilities

There were no contingent liabilities at 31st October 2000 or 31st October 1999.

13 Related party transactions

The company made sales of £733,419 (1999 £1,439,559) to its subsidiary undertaking, Flying Service Engineering and Equipment Limited.