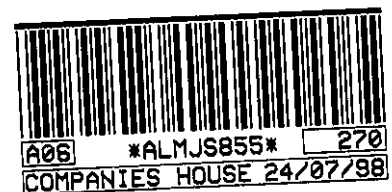


Company Registration No. 877142 (England and Wales)

**FLYING SERVICE ENGINEERING (SALES) LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 1997**



# **FLYING SERVICE ENGINEERING (SALES) LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	E.A. Burne R.E. Burne
<b>Secretary</b>	R.E. Burne
<b>Company number</b>	877142
<b>Registered office</b>	3, Park Street Windsor Berkshire SL4 1LU
<b>Auditors</b>	Foreman & Hill 3, Park Street Windsor Berkshire SL4 1LU
<b>Business address</b>	Unit 5, Springfield Road Chesham Buckinghamshire England HP5 1PP

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# FLYING SERVICE ENGINEERING (SALES) LIMITED

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# FLYING SERVICE ENGINEERING (SALES) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 1997

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The directors present their report and financial statements for the year ended 31 October 1997.

### 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 1996:

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 (1996 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 1997	1 November 1996
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 FOR THE YEAR ENDED 31 OCTOBER 1997

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### 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.

By order of the board



E.A. Burne

Director

3/7/98

# FLYING SERVICE ENGINEERING (SALES) LIMITED

## AUDITORS' REPORT

### TO THE SHAREHOLDERS OF FLYING SERVICE ENGINEERING (SALES) LIMITED

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We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

#### Respective responsibilities of directors and auditors

As described on page 2 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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



**Foreman & Hill**

Chartered Accountants  
Registered Auditor

3 July 1998

3, Park Street  
Windsor  
Berkshire  
SL4 1LU

# FLYING SERVICE ENGINEERING (SALES) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1997

	Notes	1997 £	1996 £
Turnover		806,976	379,162
Administrative expenses		(133,000)	(158,675)
<b>Operating profit</b>	<b>2</b>	<b>673,976</b>	<b>220,487</b>
Other interest receivable and similar income	<b>3</b>	89,567	112,751
<b>Profit on ordinary activities before taxation</b>		<b>763,543</b>	<b>333,238</b>
Tax on profit on ordinary activities	<b>4</b>	(250,694)	(106,569)
<b>Profit on ordinary activities after taxation</b>		<b>512,849</b>	<b>226,669</b>
Dividends		(600,000)	(600,000)
<b>Retained loss for the year</b>	<b>11</b>	<b>(87,151)</b>	<b>(373,331)</b>

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.

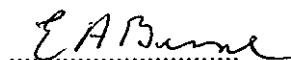
# FLYING SERVICE ENGINEERING (SALES) LIMITED

## BALANCE SHEET AS AT 31 OCTOBER 1997

	Notes	1997 £	£	1996 £	£
<b>Fixed assets</b>					
Tangible assets	5	110,004		125,068	
Investments	6	234,103		234,103	
		<u>344,107</u>		<u>359,171</u>	
<b>Current assets</b>					
Debtors	7	76,775		111,081	
Cash at bank and in hand		1,302,176		1,512,638	
		<u>1,378,951</u>		<u>1,623,719</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(897,985)</u>		<u>(1,070,665)</u>	
<b>Net current assets</b>		<u>480,966</u>		<u>553,054</u>	
<b>Total assets less current liabilities</b>		<u>825,073</u>		<u>912,225</u>	
<b>Capital and reserves</b>					
Called up share capital	10	30		30	
Share premium account	11	9,990		9,990	
Profit and loss account	11	815,053		902,205	
<b>Shareholders' funds - equity interests</b>	12	<u>825,073</u>		<u>912,225</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 .....31/7/98.....



E.A. Burne  
Director



# FLYING SERVICE ENGINEERING (SALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1997

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### 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	1997 £	1996 £
	Operating profit is stated after charging:		
	Depreciation of tangible assets	15,064	15,066
	Auditors' remuneration	1,350	1,300
	Directors' emoluments	92,150	86,150
		<hr/>	<hr/>
3	Other interest receivable and similar income	1997 £	1996 £
	Bank interest	89,567	112,751
		<hr/>	<hr/>

# FLYING SERVICE ENGINEERING (SALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1997

4	Taxation	1997 £	1996 £
	<b>U.K. current year taxation</b>		
	U.K. corporation tax at 32% (1996 - 33%)	250,694	104,960
	<b>Prior years</b>		
	U.K. Corporation tax	-	1,609
		<u>250,694</u>	<u>106,569</u>

5	Tangible fixed assets	Land and buildings £	Plant and machinery etc £	Total £
	<b>Cost</b>			
	At 1 November 1996	149,886	59,270	209,156
	Disposals	-	(11,000)	(11,000)
		<u>149,886</u>	<u>48,270</u>	<u>198,156</u>
	At 31 October 1997	149,886	48,270	198,156
	<b>Depreciation</b>			
	At 1 November 1996	36,884	47,204	84,088
	On disposals	-	(11,000)	(11,000)
	Charge for the year	2,998	12,066	15,064
		<u>39,882</u>	<u>48,270</u>	<u>88,152</u>
	At 31 October 1997	39,882	48,270	88,152
	<b>Net book value</b>			
	At 31 October 1997	<u>110,004</u>	<u>-</u>	<u>110,004</u>
	At 31 October 1996	<u>113,002</u>	<u>12,066</u>	<u>125,068</u>

# FLYING SERVICE ENGINEERING (SALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1997

### 6 Fixed asset investments

	Shares in group undertakings and participating interests £
<b>Cost</b>	
At 1 November 1996 & at 31 October 1997	234,103

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

#### 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	Shares held	
		Class	%
<b>Subsidiary undertakings</b>			
Flying Service Engineering and Equipment 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	Profit for the year
Flying Service Engineering and Equipment Ltd.	1,882,679	101,108

The holding at 31st October 1997 represents 91.4% (1996: 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	1997 £	1996 £
Other debtors	76,775	111,081

# FLYING SERVICE ENGINEERING (SALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1997

8 Creditors: amounts falling due within one year	1997 £	1996 £
Amounts owed to group undertakings and undertakings in which the company has a participating interest	402,635	939,133
Taxation and social security	120,350	52,482
Other creditors	375,000	79,050
	<u>897,985</u>	<u>1,070,665</u>

### 9 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 £20,300(1996 - £9,150).

10 Share capital	1997 £	1996 £
<b>Authorised</b>		
30 Ordinary shares of £1 each	<u>30</u>	<u>30</u>
<b>Allotted, called up and fully paid</b>		
30 Ordinary shares of £1 each	<u>30</u>	<u>30</u>

### 11 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 November 1996	9,990	902,204
Retained loss for the year	-	(87,151)
Balance at 31 October 1997	<u>9,990</u>	<u>815,053</u>

# FLYING SERVICE ENGINEERING (SALES) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1997

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12 Reconciliation of movements in shareholders' funds	1997 £	1996 £
Profit for the financial year	512,849	226,669
Dividends	(600,000)	(600,000)
	<hr/>	<hr/>
Net depletion in shareholders' funds	(87,151)	(373,331)
Opening shareholders' funds	912,225	1,285,556
	<hr/>	<hr/>
Closing shareholders' funds	825,073	912,225
	<hr/>	<hr/>

### 13 Contingent liabilities

There were no contingent liabilities at 31st October 1997 or 31st October 1996.

### 14 Related party transactions

The company made sales of £806,976 (1996 £379,162) to its subsidiary undertaking, Flying Service Engineering and Equipment Limited.