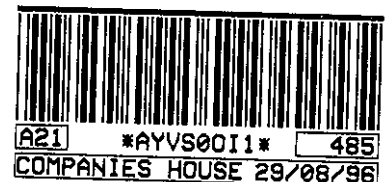


Company Registration No. 877142 (England and Wales)

FLYING SERVICE ENGINEERING (SALES) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 1995



FLYING SERVICE ENGINEERING (SALES) LIMITED

COMPANY INFORMATION

Directors	E.A. Burne R.E. Burne
Secretary	R.E. Burne
Company Number	877142
Registered Office	3, Park Street Windsor Berkshire SL4 1LU
Auditors	Foreman & Hill 3, Park Street Windsor Berkshire SL4 1LU
Business Address	25-26 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 1995

The directors present their report and financial statements for the year ended 31 October 1995.

Principal Activities

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

Directors' Interests

The directors who served during the year and their beneficial interests in the shares of the company were as stated below.

	Ordinary shares of £1 each	
	1995	1994
E.A. Burne	10	10
R.E. Burne	10	10

Political and Charitable Contributions

During the year the company made political donations amounting to £0 (1994 : £0).

During the year the company made charitable donations of £0 (1994 : £0).

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 1995

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

In the preparation of the directors' report advantage has been taken of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

This report was approved on behalf of the Board on ...23.10.96...



R.E. Burne
Director

FLYING SERVICE ENGINEERING (SALES) LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF FLYING SERVICE ENGINEERING (SALES) LIMITED

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 1995 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

22.8.96

3, Park Street
Windsor
Berkshire
SL4 1LU

FLYING SERVICE ENGINEERING (SALES) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 1995

	Notes	1995 £	1994 £
Turnover		518,530	845,594
Administrative expenses		(162,877)	(157,633)
Operating profit	2	<u>355,653</u>	<u>687,961</u>
Other interest receivable and similar income	3	120,013	118,303
Profit on ordinary activities before taxation		<u>475,666</u>	<u>806,264</u>
Tax on profit on ordinary activities	4	(154,498)	(270,857)
Profit on ordinary activities after taxation		<u>321,168</u>	<u>535,407</u>
Dividends	5	(615,000)	(960,000)
Retained loss for the year	12	<u>(293,832)</u>	<u>(424,593)</u>

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 1995

	Notes	1995 £	£	1994 £	£
Fixed Assets					
Tangible assets	6	140,134		157,950	
Investments	7	234,103		234,103	
		<u>374,237</u>		<u>392,053</u>	
Current Assets					
Debtors	8	55,705	71,802		
Cash at bank and in hand		2,000,023	2,001,300		
		<u>2,055,728</u>	<u>2,073,102</u>		
Creditors: amounts falling due within one year	9	(1,144,408)	(885,765)		
		<u></u>	<u></u>		
Net Current Assets		911,320		1,187,337	
Total Assets Less Current Liabilities		<u>1,285,557</u>		<u>1,579,390</u>	
Capital and Reserves					
Called up share capital	11	30	30		
Share premium account	12	9,990	9,990		
Profit and loss account	12	1,275,537	1,569,370		
		<u>1,285,557</u>	<u>1,579,390</u>		
Shareholders' Funds	13	<u>1,285,557</u>	<u>1,579,390</u>		

In preparing these financial statements:

- (a) Advantage has been taken of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985, and
- (b) In the directors' opinion the company is entitled to these exemptions as a small company.

The financial statements were approved by the Board on 23.8.96.

E A Burne

E.A. Burne
Director

FLYING SERVICE ENGINEERING (SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1995

1 Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided in the UK net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets 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

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

2 Operating Profit	1995 £	1994 £
Operating profit is stated after charging:		
Depreciation of tangible assets	17,816	17,816
Auditors' remuneration	1,250	1,250
Directors' emoluments	86,150	86,000
	<hr/>	<hr/>
3 Other Interest Receivable and Similar Income	1995 £	1994 £
Bank interest	120,013	118,303
	<hr/>	<hr/>

FLYING SERVICE ENGINEERING (SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1995

4	Taxation	1995 £	1994 £
	U.K. Current year taxation		
	U.K. Corporation tax at 33% (1994 - 32%)	154,969	270,857
	Prior years		
	U.K. Corporation tax	(471)	-
		<u>154,498</u>	<u>270,857</u>
5	Dividends	1995 £	1994 £
	Ordinary interim paid 7 April 1995	300,000	-
	Ordinary interim paid 31 October 1995	315,000	-
	Ordinary interim paid 6 April 1994	-	645,000
	Ordinary interim paid 31 October 1994	-	315,000
		<u>615,000</u>	<u>960,000</u>

A dividend of £10,000 per £1 ordinary share was declared for 7th April 1995 and of £10,500 per £1 ordinary share for 31st October 1995.

6	Tangible Fixed Assets	Land and buildings Freehold	Motor vehicles	Total
		£	£	£
	Cost			
	At 1 November 1994 & at 31 October 1995	149,886	59,270	209,156
	Depreciation			
	At 1 November 1994	30,888	20,318	51,206
	Charge for the year	2,998	14,818	17,816
	At 31 October 1995	<u>33,886</u>	<u>35,136</u>	<u>69,022</u>
	Net book values			
	At 31 October 1995	<u>116,000</u>	<u>24,134</u>	<u>140,134</u>
	At 31 October 1994	<u>118,998</u>	<u>38,952</u>	<u>157,950</u>

FLYING SERVICE ENGINEERING (SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1995

7 Fixed Asset Investments

	Shares in group undertakings and participating interests £
Cost	
At 1 November 1994 & at 31 October 1995	234,103
At 31 October 1994	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 10%

The company holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
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	1726835	130697
Engineering and	0	0
Equipment Ltd.	0	0

The holding at 31st October 1995 represents 91.4% (1994: 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.

8 Debtors	1995 £	1994 £
Other debtors	55,705	71,802

FLYING SERVICE ENGINEERING (SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1995

9 Creditors : amounts falling due within one year	1995 £	1994 £
Amounts owed to group undertakings and undertakings in which the company has a participating interest	970,032	626,242
Corporation tax	56,924	98,658
Other creditors	117,452	160,865
	<u>1,144,408</u>	<u>885,765</u>

10 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 £9,150(1994 - £9,000).

11 Share Capital	1995 £	1994 £
Authorised		
30 Ordinary shares of £1 each	30	30
	<u>30</u>	<u>30</u>
Allotted, called up and fully paid		
30 Ordinary shares of £1 each	30	30
	<u>30</u>	<u>30</u>

12 Statement of Movement on Reserves

	Share premium account £	Profit and loss account £
Balance at 1 November 1994	9,990	1,569,369
Retained loss for the year	-	(293,832)
	<u>9,990</u>	<u>1,275,537</u>
Balance at 31 October 1995	9,990	1,275,537

FLYING SERVICE ENGINEERING (SALES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1995

13 Reconciliation of Movements in Shareholders' Funds	1995 £	1994 £
Profit for the financial year	321,168	535,407
Dividends	(615,000)	(960,000)
Net depletion in shareholders' funds	(293,832)	(424,593)
Opening shareholders' funds	1,579,390	2,003,983
Closing shareholders' funds	1,285,557	1,579,390

14 Contingent liabilities

There were no contingent liabilities at 31st October 1995 or 31st October 1994.