

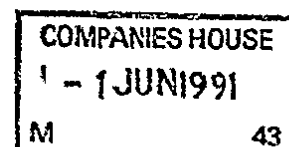
KILFROST LIMITED

MODIFIED ACCOUNTS

For The Year Ended

31ST MARCH 1991

ROBSON LAIDLER
Chartered Accountants
101 Jesmond Road
NEWCASTLE UPON TYNE NE2 1NH



KILFROST LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 1991

Stuart Halbert
Miss M. Halbert
Miss J. Halbert
Miss E.L. Halbert
S.A. Halbert
J.R. Halbert
D.S. Halbert

SECRETARY

D. Waton

To be presented at the Annual General Meeting of the Company to be held at the offices of the Company at Haltwhistle.

The directors submit their report for the year together with the audited accounts.

ACTIVITIES AND REVIEW OF THE BUSINESS

The Company's principal activity is that of the manufacture of aircraft de-icing fluids.

The directors are pleased with the results for the current year.

TRADING RESULT

The results for the year are shown in the annexed Profit and Loss Account.

FIXED ASSETS

The movement in fixed assets is shown in the notes to the accounts.

KILFROST LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 1991

CONTINUED

DIVIDENDS

The Directors recommend that there be a dividend paid in respect of the ordinary shares for the year ended 31st March 1991 of £1 per share payable on the 2nd July 1991.

DIRECTORS' INTEREST IN SHARES

The directors at the end of the year and their interests in the share capital of the Company were as follows

	Beginning of Year	End of Year
	-----	-----
	Ordinary Shares	Ordinary Shares
	-----	-----
Stuart Halbert	360	360
Miss J. Halbert	2,220	2,220
Miss E.L. Halbert	100	100
Miss M. Halbert	3,900	3,900
S.A. Halbert	2,200	2,200
J.R. Halbert	1,865	1,865
D.S. Halbert	1,815	1,815

Mr. J.G. Cross resigned as company secretary on the 9th April 1990 and Mr. D. Waton was appointed secretary on that date.

AUDITORS

In accordance with section 384 of the Companies Act 1985 a resolution proposing the re-appointment of Robson Laidler as auditors of the Company will be put to the Annual General Meeting.

By Order Of The Board
D. Waton
Secretary

8/5/91

REPORT OF THE AUDITORS

PURSUANT TO PARAGRAPH 10 OF SCHEDULE 8 TO COMPANIES ACT 1985

TO THE DIRECTORS OF KILFROST LIMITED

MODIFIED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1991

In our opinion the directors of the Company are entitled to deliver modified accounts in respect of the financial year, as claimed in the directors statement, and the modified accounts are properly prepared in accordance with Schedule 8 of the Companies Act 1985. We are not required to express an opinion as to the truth and fairness of these modified accounts.

As auditors we reported to the members of the Company on 8/5/91 on the accounts prepared under section 227 of the Companies Act 1985 for the current financial year. Our audit opinion was as follows:

"We have audited the financial statements in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs as at the Company's financial year end and of the profit and source and application of funds for the year and have been properly prepared in accordance with the Companies Act 1985.



101 Jesmond Road
NEWCASTLE UPON TYNE NE2 1NH

ROBSON LAIDLER
Chartered Accountants
8/5/91

KILFROST LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1991

	1991	1990
	£	£
GROSS PROFIT FOR YEAR	4161217	2298372
Staff Costs (Note 2)	1511874	1013223
Depreciation	97508	45775
Other Operating Charges	1229535	663604
	2838917	1722602
Investment Income	1322300 734468	575770 48409
Interest Payable (Note 8)	2056768 425	624179 1519
Profit(Loss)on Ordinary Activities before Taxation (Note 7)	2056343	622660
Tax on Profit on Ordinary Activities (Note 3)	545048	223172
Profit (Loss) on Ordinary Activities after Taxation	1511295	399488
Extraordinary Item (Note 13)	25749	-
Profit for the Financial Year	1537044	3994 3
Dividends Paid and Proposed	79000	21000
	145804	378488
Retained Profits brought forward	1405131	1026643
Retained Profits carried forward	2863175	1405131

Note: Gross profit comprises turnover and other operating income less the change in stocks of finished goods and work in progress, purchases of raw materials and consumables and other external charges.

KILFROST LIMITED

BALANCE SHEET AS AT 31ST MARCH 1991

	1991 ----- £	1990 ----- £
SHARE CAPITAL -----		
Authorised -----		
25,000 Ordinary Shares of £1 each	25000	25000
25,000 6% Cumulative Preference Shares of £1 each	25000	25000
	----- 50000 =====	----- 50000 =====
Issued and fully paid -----		
21,000 Ordinary Shares of £1 each	21000	21000
RESERVES -----		
Capital Redemption Reserve	21000	21000
Capital Reserve	1400	1400
Profit and Loss Account	2863174	1405131
	----- 2906574 =====	----- 1448531 =====

We have relied on sections 247 to 249 of the Companies Act 1985 as entitling us to deliver modified accounts and have done so on the basis that the company is entitled to the benefit of those sections as a medium company.

Approved by the board of directors:

Stuart Halbert

Miss M. Halbert

8/5/91

KILFROST LIMITED

BALANCE SHEET AS AT 31ST MARCH 1991

	1991	1990
	£	£
FIXED ASSETS		

Tangible Assets (Note 4)	397836	231486

INVESTMENTS		

Shares in Subsidiary Companies		

(Note 5)	1500	480

	399336	236287
	-----	-----
CURRENT ASSETS		

Stocks (Note 10)	503844	396881
Debtors (Note 11)	2672132	952963
Advance Corporation Tax		
Recoverable	7000	7000
Prepayments and Accrued Income	15897	32238
Bank Deposit Account	2382000	975000
Cash at Bank	182568	197122
Cash in Hand	99	163
	5763540	2561367
	=====	=====
CREDITORS: DUE WITHIN ONE YEAR		

Bank Overdraft	2830	-
Trade Creditors (Note 12)	1475930	526843
Sundry Creditors	405000	210000
Other Taxation and Social		
Security	102802	52567
Provision for Advance		
Corporation Tax	7000	7000
Corporation Tax	527515	225272
Proposed Dividend	21000	21000
Other Creditors and Accrued		
Charges	709425	292841
	3251502	1335523
	=====	=====
NET CURRENT ASSETS	2512038	1225844

ASSETS LESS CURRENT LIABILITIES	2911374	1462131

PROVISION FOR LIABILITIES AND CHARGES		

Deferred Taxation (Note 1c)	4800	13600
	2906574	1448531
	=====	=====

KILFROST LIMITED

NOTES ON THE FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1991

1. ACCOUNTING POLICIES

a) Convention

The accounts have been prepared in accordance with the historical cost convention. The principal policies which the directors have adopted within that convention are set out below.

b) Depreciation

Depreciation is provided each year in order to write off the cost of the fixed assets over their anticipated useful lives. Depreciation rates used are shown below.

Freehold Property	Reduced to market value if below cost
Fixtures and Fittings	20% Reducing Balance
Plant and Machinery	25% Reducing Balance
Loose Tools	15% Reducing Balance
Motor Vehicles	25% Reducing Balance

c) Taxation

Taxation is based upon the profits for the year and takes into account taxation deferred due to the different treatment of certain items for accounting and taxation purposes. Full provision is made using the liability method within the accounts for taxation deferred because of the above. If in the opinion of the directors there is reasonable evidence that such deferred taxation will be paid in the foreseeable future. The full potential liability to deferred taxation, which has been provided in these accounts, is as follows:

	1991	1990
Accelerated Capital Allowances	5,282	15,789
Short Term Timing Differences	(482)	(2,189)
	4,800	13,600

d) Revenue Reserves

These are in respect of fully realised profits accumulated by the trading activities of the company.

e) Stock in Trade

Stocks of raw materials and finished goods are stated at the lower of cost and net realisable value.

KILFROST LIMITED

NOTES ON THE FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1991

2. EMPLOYEES AND STAFF COSTS	1991	1990
Average number of people (including directors) employed by the Company during the year:	37	35
	£	£
Wages and Salaries	1283522	845709
Pension Costs	121909	113069
Social Security Costs	128016	78653
	-----	-----
	1533447	1037431
	=====	=====

The Company operates a group pension scheme of the defined benefits for employees other than directors providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. Contributions to the scheme are charged to the Profit and Loss Account so as to spread the cost of pensions over employees working lives of the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the "aggregate method" of funding incorporating a control period of 20 years. The most recent valuation was at 1st August, 1987. Since this date the disposal of the Company's subsidiary T.K.S. (Aircraft Di-Icing) Limited has involved a number of members leaving the scheme. At the date of signing the accounts a new actuarial valuation was not available. The assumptions at the last valuation on the 1st August 1987 which have the most significant effect on the results of the valuation are those relating to the rate of return of investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 8 1/2 per annum and that salary increases would average 7 1/2 per annum.

The Company's pension charge for the period was £56,663 (1990 £42,435).

The most recent actuarial valuation showed that the market value of the scheme's assets was £473,000 and that the market value of those assets represented 119% of those benefits that had accrued to members, after allowing for expected increases in earnings.

Staff members contribute 4% of pensionable salaries with the employer paying the balance of the cost of the scheme which was forecast as 15% for the 1991 year.

The Company also operates defined contribution pension schemes for the benefit of the Directors. The assets of the scheme are held separately from those of the company in independently administered funds.

The pension cost charges, represent contributions payable by the Company to these funds and were £65,246 (1990 £70,634).

KILFROST LIMITED

NOTES ON THE FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1991

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation Tax on Current Years Profits at 34% (1990 35%)	553848	225272
	-----	-----
	553848	225272
 Deferred Taxation	 (8800)	 (2100)
	-----	-----
	545048	223172
	=====	=====

4. TANGIBLE ASSETS	Freehold Property £	Plant & Fixtures £	Motor Vehicles £	Total £
-----	-----	-----	-----	-----
At Cost:				
At Start of Year	67415	389243	136358	593016
Additions	190839	34920	48590	274349
Disposals	-	-	(30789)	(30789)
	-----	-----	-----	-----
At End of Year	258254	424163	154159	836576
	-----	-----	-----	-----
Depreciation:				
At Start of Year	-	305287	56243	361530
Charge for the Year	40839	27115	29554	97508
Disposals	-	-	(20298)	(20298)
	-----	-----	-----	-----
At End of Year	40839	332402	65499	438740
	-----	-----	-----	-----
 Net Book Value 1991	 217415	 91761	 88660	 397836
	=====	=====	=====	=====
Net Book Value 1990	67415	83956	80115	231486
	=====	=====	=====	=====

KILFROST LIMITED

NOTES ON THE FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1991

5. SUBSIDIARY COMPANIES

The company has the following subsidiary which is incorporated in the U.K.

	Equity Held	Activities	Cost/Valuation
	-----	-----	-----
Kilfrost Products Ltd	100%	Dormant	1,500 =====

6. AMOUNTS WRITTEN OFF INVESTMENTS

The amount written off investments represents a write off against the investment in Kilfrost Products Limited a dormant company which is reflected in the accounts at market value.

7. TRADING PROFITS

This is after charging:

	1991	1990
	----	----
Depreciation	97,508	45,775
Auditors Remuneration	4,800	4,400
Directors Fees	430,000	225,000
Directors Salaries	412,583	317,850
Directors Pension Scheme	65,246	70,634

8. INTEREST PAYABLE AND SIMILAR CHARGES

Interest Payable upon Bank Overdrafts		
Repayable within five years	425 =====	1,519 =====

KILFROST LIMITED

NOTES ON THE FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1991

9. DIRECTORS REMUNERATION

The remuneration of the Chairman (excluding pension contributions) was 1991 £100,000 (1990 £160,000). The remuneration of the other directors were as follows. the highest paid director receiving £270,833.

	1991	1990
£270,001 - £275,000	1	
£145,001 - £150,000		
£ 95,001 - £100,000		1
£ 90,001 - £ 95,000	2	
£ 45,001 - £ 50,000	3	
£ 40,001 - £ 45,000		3
		2

10 STOCKS AND WORK IN PROGRESS

	1991	1990
Raw Materials and Consumables	194,472	200,312
Finished Goods	299,154	185,789
Packaging and Containers	10,218	10,780
	503,844	396,881
	=====	=====

11. TRADE DEBTORS

	1991	1990
Trade Debtors	2,308,019	891,482
Value Added Tax Debtor	64,113	12,690
Subsidiary Company Loan Accounts	-	48,791
T.K.S. (Aircraft De-Icing) Limited	300,000	-
	2,672,132	952,963
	=====	=====

The loan made to T.K.S. (Aircraft De-Icing) Limited is receivable as follows:-

Within one year	150,000
More than one year	150,000
	300,000
	=====

12. TRADE CREDITORS

	1991	1990
Trade Creditors	1,474,430	525,343
Subsidiary Company Loan Account	1,500	1,500
	1,475,930	526,843
	=====	=====

13. EXTRAORDINARY ITEM

This relates to the disposal of one of the Company's subsidiaries T.K.S. (Aircraft De-Icing) Limited.

Net Profit of Sale

25,749

This sale has resulted in a capital loss for taxation purposes.