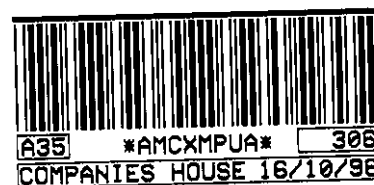


# **Airwork**

**LIMITED**

## **Report and Accounts**

**for the year ended 31 January 1996**



**Airwork Limited**  
**Report and Accounts**  
**for the year ended 31 January 1996**

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# Airwork Limited

## Directors and Advisors

**Directors** J D Spottiswood CB CVO AFC MA  
R K Beasley  
D J Bolton FCA  
R McNulty  
K Brundle  
J Gilmore  
C Masterman  
A Roberts

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**Secretary** R Milnes

**Registered office** Bournemouth International Airport  
Christchurch  
BH23 6EB

**Auditors** Ernst & Young  
Wessex House  
19 Threefield Lane  
Southampton  
SO14 3QB

**Bankers** National Westminster Bank Plc  
41 Lothbury  
London  
EC2P 2BP

# **Airwork Limited**

## **Directors' Report**

### **for the year ended 31 January 1996**

The directors present their report and the audited accounts for the year ended 31 January 1996.

#### **PRINCIPAL ACTIVITIES**

The company provides technical support, procurement services and training for the aviation industry, airport management and operation and aviation-related equipment.

#### **REVIEW OF BUSINESS**

The company's business progressed satisfactorily during the year under review. Turnover from continuing operations increased to £29,397,000 from £28,190,000 for the year ended 31 January 1995, and operating profit for these operations increased to £4,683,000 from £3,986,000. This reflects the continuing improvement in performance of the Middle East business.

#### **DIVIDENDS AND TRANSFERS TO RESERVES**

No dividends are proposed in respect of the year ended 31 January 1996. The profit for the financial year, £2,219,000, will be transferred to reserves.

#### **CHANGES IN FIXED ASSETS**

The movement of fixed assets during the year are as set out in notes 11 and 12 to the accounts.

#### **MARKET VALUE OF LAND AND BUILDINGS**

In the opinion of the directors, the current market value of land and buildings is considered to be in excess of their book values.

#### **DIRECTORS**

The present directors of the company are listed on page 1. Other than as noted, all held office throughout the year under review. No other persons held office as a director at any time during that period.

The articles of association of the company do not require the directors to retire by rotation.

#### **DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY**

None of the directors had any beneficial interest in the shares of the company at any time during the year under review.

# **Airwork Limited**

## **Directors' Report**

**for the year ended 31 January 1996 - continued**

### **EMPLOYEES**

#### **Disabled Persons**

The company's policy in relation to the employment of disabled persons is:

- (a) In its employee recruitment practices, full consideration is given to employment applications received from disabled persons. Candidates are selected and appointed on the basis of their ability to perform the work in question. Where disabled persons have the aptitudes and abilities necessary for the work, sympathetic consideration is given to their applications. Where necessary, and where possible, special training will be made available to facilitate engagement of the disabled.
- (b) If an employee becomes disabled whilst employed by the company, arrangements will be made wherever possible for their retraining in order to perform a job identified as appropriate to the aptitudes and abilities of the individuals concerned.
- (c) Encouragement is given in the training, career development and promotion of all employees according to opportunities available, organisational requirements and individual aptitude and abilities. This policy includes disabled employees for whom any further necessary training is arranged taking account of their particular needs.

#### **Employee Involvement**

The company encourages the involvement of employees in its affairs by regular briefings from management and through consultation with representatives of trade unions.

### **AUDITORS**

Pursuant to section 386 of the Companies Act, 1985, the obligation to appoint an auditor annually was dispensed with. Ernst & Young, having indicated their willingness to do so, will remain as the company's auditors until further notice.

**By order of the board**



**R Milnes**  
Secretary

1996

**13 SEP 1996**

# Airwork Limited

## Directors' Responsibilities and Auditors' Report

### DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company, and of the profit or loss for that period. In preparing those accounts, 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 accounts;
- prepare the accounts on a 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 accounts 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.

### REPORT OF THE AUDITORS TO THE MEMBERS OF AIRWORK LIMITED

We have audited the accounts on pages 5 to 15 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 7 to 8.

#### *Respective responsibilities of directors and auditors*

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

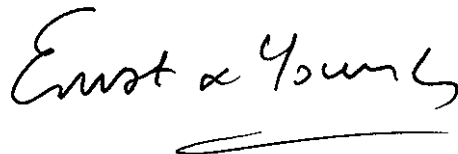
#### *Basis of opinion*

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 a reasonable assurance that the accounts 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 accounts.

#### *Opinion*

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 January 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young

Chartered Accountants and Registered Auditor  
Southampton

1996

13 SEP 1996

# Airwork Limited

## Profit and Loss Account

### for the year ended 31 January 1996

	Notes	1996	1995
		£'000	£'000
<b>TURNOVER</b>			
continuing operations		29,397	28,190
discontinued operations		-	4,196
		<hr/>	<hr/>
	2	29,397	32,386
Changes in stocks of finished goods and work in progress		132	(94)
Other operating income	3	112	131
		<hr/>	<hr/>
		29,641	32,423
		<hr/>	<hr/>
Cost of sales and expenses	4	24,958	28,288
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>			
continuing operations		4,683	3,986
discontinued operations		-	149
		<hr/>	<hr/>
		4,683	4,135
		<hr/>	<hr/>
Investment income	8	331	-
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2, 5	5,014	4,135
Taxation	10	2,795	2,971
		<hr/>	<hr/>
<b>RETAINED PROFIT FOR THE YEAR</b>	18	2,219	1,164
		<hr/>	<hr/>

There are no recognised gains and losses other than the profit for the financial year of £2,219,000 (1995 - £1,164,000)

# Airwork Limited

## Notes to the Accounts for the year ended 31 January 1996

### 1. PRINCIPAL ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently unless otherwise stated, is set out below.

#### **Basis of accounting**

The company prepares its accounts on the historical cost basis of accounting.

The company, being a wholly owned subsidiary of another company incorporated in the United Kingdom, is not required to prepare group accounts. The company has utilised the exemptions provided under FRS1 and has not prepared a cash flow statement. A cash flow statement is included in the accounts of the UK parent company.

#### **Turnover**

##### *Long term contracts*

Sales and income on long term contracts which represent a significant proportion of the company's sales, are recognised in accordance with the percentage of completion method of accounting. Degree of completion is determined by comparing the cost incurred to date with the total cost anticipated for the entire contract. The effect of changes to total estimated income for each contract is recognised in the period in which the determination is made and losses if any are fully recognised when anticipated.

##### *Other*

Turnover represents the value of goods and services, excluding value added tax, invoiced to outside customers during the period, less returns and before cash discounts and commissions.

#### **Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value with cost being determined either on the average cost or on the first-in-first-out basis, including, where applicable, appropriate overheads.

#### **Long-term contracts**

Losses on long term contracts are provided for immediately they are foreseen and are included in contract provisions in the balance sheet.

#### **Depreciation of tangible fixed assets**

Depreciation is provided to reduce the cost of fixed assets in equal monthly instalments over the following periods:

Freehold land	- nil
Freehold buildings	- 6 to 25 years
Short leasehold buildings	- Over the unexpired portion of the lease
Fixtures, fittings, tools, equipment and motor vehicles	- 3 to 10 years

#### **Fixed asset investments**

Fixed asset investments are stated at cost unless there has been a permanent diminution in value in which case they are written down.



# Airwork Limited

## Notes to the Accounts

for the year ended 31 January 1996 - continued

### Deferred taxation

Deferred taxation is provided using the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes to the extent that it is probable that a liability will crystallise.

Deferred taxation assets are recognised only if recovery without replacement by equivalent debit balances is reasonably certain.

### Translation of foreign currencies

Transactions during the period in foreign currencies are translated into sterling using the temporal method. Under this method, monetary items in the balance sheet are translated at the rates of exchange in effect at the year end and non-monetary items are translated at historical exchange rates. Revenue and expenses (other than depreciation, which is translated at the same rates as the related fixed assets) are translated at the rates in effect on the transaction dates or at the average rates of exchange for the year.

### Finance and operating leases

Costs relating to operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

The cost of assets held under finance leases is capitalised within the appropriate tangible fixed asset heading and depreciation is provided in accordance with the company's accounting policy for the category of asset concerned. The interest cost is charged to the profit and loss account over the term of the lease and the capital element of future lease payments is included in creditors.

### Pension costs

Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' service.

## 2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

An analysis of turnover and segmental information has not been disclosed since, in the opinion of the directors, this would be seriously prejudicial to the interests of the company.

## 3. OTHER OPERATING INCOME

	1996 £'000	1995 £'000
Rent receivable	6	80
Interest receivable - other	21	23
Recruitment fees	-	20
Exchange gains	85	1
Other	-	7
	<u>112</u>	<u>131</u>

# Airwork Limited

## Notes to the Accounts

for the year ended 31 January 1996 - continued

### 4. COST OF SALES AND EXPENSES

	1996 £'000	1995 £'000
Raw materials and consumables	1,963	2,815
Other external charges	2,002	2,331
Staff costs (note 7)	17,014	18,816
Depreciation of tangible fixed assets	148	154
Other operating charges	3,831	4,172
	<u>24,958</u>	<u>28,288</u>

### 5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996 £'000	1995 £'000
Profit on ordinary activities before taxation is stated after crediting:		
Rent receivable	6	80
Profit on disposal of fixed assets	-	7
	<u></u>	<u></u>
and after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	148	153
Tangible leased assets	-	1
Auditors' remuneration:		
Audit fees	36	16
Taxation & accountancy	13	2
Hire of plant and machinery - operating leases	3	20
Interest payable (note 9)	-	72
	<u></u>	<u></u>

### 6. DIRECTORS' EMOLUMENTS

The remuneration paid to the directors of Airwork Limited was:

	1996 £	1995 £
Fees	-	-
Other emoluments (including pension contributions and benefits in kind)	-	44,876
Pension scheme contributions	-	7,514
Compensation for loss of office	-	30,000
	<u>-</u>	<u>82,390</u>
Fees and other emoluments include amounts paid (excluding pension contributions) to the highest paid director:	<u>-</u>	<u>14,242</u>

# Airwork Limited

## Notes to the Accounts

### for the year ended 31 January 1996 - continued

The number of directors (including the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1996 Number	1995 Number
£nil to £5,000	8	6
£5,001 to £10,000	-	1
£10,001 to £15,000	-	3

From April 1994, directors' emoluments were borne entirely by the parent company.

#### 7. EMPLOYEE INFORMATION

The average weekly number of persons (including executive directors) employed during the period was:

	1996 Number	1995 Number
Management and administration	8	8
Production, distribution and sales	1,428	1,349
	<u>1,436</u>	<u>1,357</u>

	1996 £'000	1995 £'000
Staff costs (for the above persons) amounted to:		
Wages and salaries	16,594	18,195
Social security costs	337	465
Other pension costs (see note 22)	83	156
	<u>17,014</u>	<u>18,816</u>

Wages and salaries are after recharging £3,379,000 (1995 - £2,861,000) of employee costs to the Airwork Vinnell joint venture as a direct cost recovery.

#### 8. INVESTMENT INCOME

	1996 £'000	1995 £'000
Dividends received from associate	<u>331</u>	<u>-</u>

#### 9. INTEREST PAYABLE

	1996 £'000	1995 £'000
Interest on forward currency dealings	<u>-</u>	<u>72</u>

# Airwork Limited

## Notes to the Accounts

for the year ended 31 January 1996 - continued

### 10. TAXATION

	1996 £'000	1995 £'000
United Kingdom corporation tax at 33% (1995 - 33%):		
Current	1,940	1,537
Double taxation relief	(1,940)	(1,537)
Overseas taxation	2,795	2,970
(Over)/under-provision in respect of prior years:		
UK corporation tax	-	1
	<u>2,795</u>	<u>2,971</u>

### 11. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost:			
At 1 February 1995	1,671	474	2,145
Additions	-	273	273
Disposals	(174)	(128)	(302)
At 31 January 1996	<u>1,497</u>	<u>619</u>	<u>2,116</u>
Depreciation:			
At 1 February 1995	1,011	381	1,392
Charge for the year	69	79	148
Disposals	(174)	(128)	(302)
At 31 January 1996	<u>906</u>	<u>332</u>	<u>1,238</u>
Net book value:			
At 31 January 1996	<u>591</u>	<u>287</u>	<u>878</u>
At 31 January 1995	<u>660</u>	<u>93</u>	<u>753</u>

The net book value of land and buildings comprises:

	1996 £'000	1995 £'000
Freehold land and buildings	190	219
Leases with 50 years or more unexpired	312	329
Leases with less than 50 years unexpired	89	112
	<u>591</u>	<u>660</u>

# Airwork Limited

## Notes to the Accounts

for the year ended 31 January 1996 - continued

### 12. FIXED ASSET INVESTMENTS

		Subsidiary undertakings £'000	Associated undertakings £'000	Total £'000
Cost at 1 February 1995 and 31 January 1996		2	23	25
Name of undertaking	Principal activity	Country of incorporation or registration	Description of shares held	Proportion of nominal value of shares held
<b>Interests in subsidiary undertakings</b>				
Airwork (Investments) Limited	Investment holding	England & Wales	ordinary	100%
<b>Interests in associated undertakings</b>				
Technical Support Services (Unst) Limited	Airport management	Scotland	ordinary	49%
Airwork Advanced Group Co WLL	Maintenance & repair of aircraft	Abu Dhabi	ordinary	49%

Airwork Limited is an equal partner in a joint venture, Airwork Vinnell, to undertake certain military support tasks in Oman. The principal place of business of Airwork Vinnell is Seeb Airport, Oman.

The aggregate investment in all associated undertakings under the equity method of valuation was £2,597,000 (1995 - £1,974,000)

The subsidiary and associated undertakings referred to above have financial year ends of 31 December. Management accounts of these undertakings at 31 January 1996 have been used in preparing these accounts.

### 13. Stocks

	1996 £'000	1995 £'000
Raw materials and consumables	8	6
Work in progress	341	211
	<u>349</u>	<u>217</u>

# Airwork Limited

## Notes to the Accounts

for the year ended 31 January 1996 - continued

**14. Debtors: amounts falling due within one year:**

	1996 £'000	1995 £'000
Trade debtors	1,633	1,855
Amounts owed by group undertakings	7,608	9,057
Amounts owed by associated undertakings	283	49
Amounts recoverable on contracts	164	18
Other debtors	789	578
Prepayments and accrued income	96	130
	<u>10,573</u>	<u>11,687</u>

**15. Creditors: amounts falling due within one year:**

	1996 £'000	1995 £'000
Trade creditors	955	1,008
Amounts owed to group undertakings	-	729
Amounts owed to associated undertakings	-	2,292
Payments received on account	869	634
Corporation tax	91	314
Overseas taxation	3,086	3,049
Other taxation and social security payable	51	57
Other creditors and accruals	2,568	2,125
	<u>7,620</u>	<u>10,208</u>

**16. Provisions for liabilities and charges**

	Contract provisions £'000
At 1 February 1995	726
Movement during the year	(75)
Utilised in the year	(83)
	<u>568</u>
At 31 January 1996	

# Airwork Limited

## Notes to the Accounts

for the year ended 31 January 1996 - continued

### Deferred taxation

Deferred taxation provided in the accounts and the total potential deferred tax asset, net of amounts for which provision has been made, are as follows:

	Amount provided		Total potential asset	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Tax effect of timing differences because of:				
Excess of depreciation over tax allowances	-	-	439	336
Provisions and other timing differences	-	-	231	228
	<u>-</u>	<u>-</u>	<u>670</u>	<u>564</u>

### 17. Called-up share capital

	1996 £'000	1995 £'000
Authorised 20,000 ordinary shares of £1 each	20	20
Allotted, called up and fully paid 20,000 ordinary shares of £1 each	20	20

### 18. Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 February 1995	20	2,289	2,309
Profit for the year		2,219	2,219
At 31 January 1996	20	4,508	4,528

### 19. Capital commitments

	1996 £'000	1995 £'000
Capital expenditure contracted for but not provided for in the accounts	-	-
Capital expenditure authorised by the directors but not yet contracted for	-	10

# Airwork Limited

## Notes to the Accounts

### for the year ended 31 January 1996 - continued

#### 20. Financial commitments

At 31 January 1996 the company had annual commitments under non-cancellable operating leases as follows:

	1996		1995	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	19	9	48	8
Expiring between two and five years inclusive	-	7	-	14
Expiring in over five years	1	-	1	-
	<u>20</u>	<u>16</u>	<u>49</u>	<u>22</u>

#### 21. Contingent liabilities

Under the terms of an agreement dated 27 August 1993 the company has guaranteed the level of return which will be earned by approved enterprises in the United Arab Emirates. The agreement guarantees a return of 2,258,000 Dirhams (approximately £407,000) in the first three years of the contract, 4,516,000 Dirhams (approximately £814,000) by the end of the fifth year of the contract, and 11,291,000 Dirhams (approximately £2,037,000) by the end of the agreement on 28 May 2001. In the event that the return earned falls below those specified the company will be required to make good the shortfall.

The company has entered into advanced payment guarantees and performance bonds totalling £16,459,000 which expire at various dates. The total amount of these guarantees outstanding at 31 January 1996 was £14,291,000.

#### 22. Pension costs

The majority of the company's employees are eligible for membership of the Short Brothers Pension Scheme. Details of that scheme are provided in the accounts of the parent company, Short Brothers PLC.

#### 23. Parent undertaking

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Bombardier Inc, incorporated in Canada, and the parent undertaking of the smallest such group is Short Brothers PLC, registered in Northern Ireland. At 31 January 1996, Bombardier Inc was the company's ultimate parent undertaking.