

**FLIGHTSPARES LIMITED**  
**(REGISTERED NUMBER 718149)**

**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE SEVEN MONTHS ENDED 31 JULY 2001**



# **FLIGHTSPARES LIMITED**

## **REPORT OF THE DIRECTORS**

The directors have pleasure in submitting their report together with the audited accounts for the 7 months to 31 July 2001.

## **REVIEW OF BUSINESS**

The principal activity of the Company was as a stockist of aircraft components. The activities of the Company ceased in 1999 and accordingly the Company no longer actively trades. The company is not expected to recommence trading for the foreseeable future.

As a consequence of the merger of TI Group plc with Smiths Industries plc to form Smiths Group plc, the Company's accounting reference date has been aligned with that of Smiths Group plc. Accordingly these accounts cover the 7 month period from 1 January 2001 to 31 July 2001, with the prior period being the year ended 31 December 2000.

## **RESULTS**

The profit and loss account is set out on page 5. The directors do not recommend payment of a dividend (2000 nil).

## **DIRECTORS AND THEIR INTERESTS**

The directors who served during the period were:

Mr J R Edwards  
Mr G M Norris

The beneficial interests of the directors and their families on 31 July 2001 in the shares and options of Smiths Group plc were as follows:

	Ordinary shares		Ordinary shares under option			
	31 July 2001	31 Dec 2000	31 July 2001	Options Exercised	Options Granted	31 Dec 2000
J R Edwards	87,593	87,593	232,439	-	-	232,439
G M Norris	27,797	52,797	50,970	-	8,734	42,236

Details of the share option schemes are included in the annual report of Smiths Group plc.

The directors have no interests in the shares of the company.

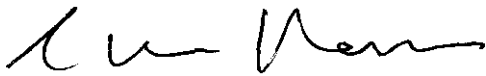
# **FLIGHTSPARES LIMITED**

## **REPORT OF THE DIRECTORS (cont'd)**

### **AUDITORS**

The Company's auditors, KPMG plc resigned and were replaced by PricewaterhouseCoopers, PricewaterhouseCoopers, are willing to continue in office and resolutions proposing their re-appointment will be put to the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'GM Norris', written in a cursive style.

GM Norris  
Director  
27<sup>th</sup> May 2002

## **FLIGHTSPARES LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS**

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 and 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 judgments 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 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard assets of the company and to prevent and detect fraud and other irregularities.

The directors confirm that these financial statements comply with these requirements.

# **FLIGHTSPARES LIMITED**

## **Independent auditors' report to the members of Flightspares Limited.**

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

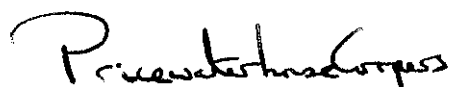
### **Basis of audit opinion**

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 at 31<sup>st</sup> July 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London  
27<sup>th</sup> May 2002

# FLIGHTSPARES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE 7 MONTHS ENDED 31 JULY 2001

	Notes	2001 £'000	2000 £'000
<b>TURNOVER</b>		-	-
Cost of sales		-	-
<b>GROSS PROFIT</b>		<u>-</u>	<u>-</u>
Administration expenses		2	112
Other income		<u>1</u>	<u>-</u>
<b>OPERATING PROFIT</b>	2	3	112
Interest		<u>52</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		55	112
Taxation	5	<u>(17)</u>	<u>(31)</u>
<b>RETAINED PROFIT FOR THE PERIOD</b>	10	<u>38</u>	<u>81</u>

The results for both periods derived entirely from the company's discontinued operations and there were no recognised gains and losses other than the result for either period.

The notes on pages 7 to 10 form part of these accounts.

**FLIGHTSPARES LIMITED****BALANCE SHEET AT 31 JULY 2001**

	Notes	2001 £'000	2000 £'000
<b>FIXED ASSETS</b>			
Investments	6	-	-
<b>CURRENT ASSETS</b>			
Debtors	7	1,604	3,592
Cash		<u>2,151</u>	<u>99</u>
		3,755	3,691
<b>CREDITORS (amounts falling due within one year)</b>	8	<u>(66)</u>	<u>(40)</u>
<b>NET CURRENT ASSETS BEING NET ASSETS</b>		<u>3,689</u>	<u>3,651</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	9	50	50
Share Premium	10	7,042	7,042
Profit and loss account	10	<u>(3,403)</u>	<u>(3441)</u>
<b>SHAREHOLDERS' FUNDS</b>	11	<u>3,689</u>	<u>3,651</u>

The notes on pages 7 to 10 form part of these accounts.

Approved by the Board on 27<sup>th</sup> May 2002



**G M Norris**  
Director

# FLIGHTSPARES LIMITED

## NOTES TO THE ACCOUNTS

### 1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies which are in accordance with applicable accounting standards have been applied consistently in dealing with items which are considered material to the company's accounts.

#### a. Basis of preparation

The Company is exempt by virtue of s.228 of the Companies Act 1985 from the requirement to prepare group accounts, as its results are included in the consolidated accounts of Smiths Group plc.

As a consequence of the merger of TI Group plc with Smiths Industries plc to form Smiths Group plc, the Company's accounting reference date has been aligned with that of Smiths Group plc. Accordingly these accounts cover the 7 month period from 1 January 2001 to 31 July 2001, with the prior period being the year ended 31 December 2000.

#### b. Cash flow statement

The company has not produced a cash flow statement as it is a wholly owned subsidiary of Smiths Group plc, whose accounts include a consolidated cash flow statement.

### 2. OPERATING PROFIT

Operating profit is stated after taking account of the following items:

	2001 £'000	2000 £'000
Auditors' remuneration - audit services	-	10
- non-audit services	-	-

Audit fees for 2001 were borne by another Smiths Group company.

### 3. DIRECTORS' EMOLUMENTS

Payments to directors for their services were £nil (2000 £nil). No directors (2000: nil) were accruing pension benefits under the Company's defined benefit scheme.

### 4. STAFF COSTS

The company has no active employees. Employees of other Smiths Group companies perform all administration of the Company's affairs. No charge for these services is levied upon the company. The average weekly number of employees during the prior period was as follows:

	2001 No.	2000 No.
Sales, administration and distribution	-	4



# FLIGHTSPARES LIMITED

## NOTES TO THE ACCOUNTS (continued)

The aggregate payroll costs of these persons were as follows:

	2001 £'000	2000 £'000
Wages and salaries	-	78
Social security costs	-	10
Other pension costs	-	2
	<u>-</u>	<u>90</u>

### 5. TAXATION

	2001 £'000	2000 £'000
Based on the profit for the period:		
Corporation tax at 30% (2000: 30%)	<u>17</u>	<u>31</u>
	<u>17</u>	<u>31</u>

### 6. INVESTMENT IN SUBSIDIARY COMPANIES

The investment represents 100% of the equity capital of Flightspares International (California) Inc, Flightspares (Florida) Inc and Flightspares Electronics Limited. The former two companies are incorporated in the United States of America. The latter is registered in England and Wales.

	2001 £'000	2000 £'000
	<u>-</u>	<u>-</u>
Net book value at beginning and end of period	<u>-</u>	<u>-</u>

### 7. DEBTORS

	2001 £'000	2000 £'000
<u>Amounts falling due within one year:</u>		
Amounts due to group undertakings	1,114	1,114
Other debtors	12	-
<u>Amounts falling due after one year</u>		
Other debtors	478	2,478
	<u>1,604</u>	<u>3,592</u>

# FLIGHTSPARES LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £'000	2000 £'000
Corporation Tax	47	30
Other creditors	18	10
Amounts due to group undertakings	1	-
	<u>66</u>	<u>40</u>

### 9. CALLED UP EQUITY SHARE CAPITAL

2001 and 2000				
	Authorised No.	£'000	Allotted, called up and fully paid No.	£'000
Ordinary shares of 10p each	500,100	50	500,100	50

### 10. RESERVES

	Share Premium £'000	Profit and loss account £'000	Total £'000
At 1 January 2001	7,042	(3,441)	3,601
Retained profit for period	<u>-</u>	<u>38</u>	<u>38</u>
At 31 July 2001	<u>7,042</u>	<u>(3,403)</u>	<u>3,639</u>

### 11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	2001 £'000	2000 £'000
Profit for the financial period	38	81
Opening shareholders' funds	<u>3,651</u>	<u>3,570</u>
Closing shareholders' funds	<u>3,689</u>	<u>3,651</u>

### 12. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Smiths Group plc. In accordance with paragraph 3(c) of FRS 8 "Related Party Transactions" the company is exempt from disclosing details of arrangements with other companies in the Smiths Group.

## **FLIGHTSPARES LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **13. PENSIONS**

The company has historically participated in a pension scheme providing benefits on final pensionable pay via the EIS Group Pension Scheme. The assets of the scheme are held separately from those of the company being invested with an insurance company. Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

Details of the most recent valuation are included in the EIS Group plc accounts.

The pension charge for the period was £nil (2000: £nil).

#### **14. ULTIMATE HOLDING COMPANY**

The immediate parent undertaking is TI Group plc. The ultimate parent undertaking and controlling party is Smiths Group plc. Both of these companies are registered in England and Wales. Copies of the accounts of Smiths Group plc can be obtained from the company's registered office at 765 Finchley Road, London NW11 8DS.

The smallest and largest group into which the results of the company are consolidated is headed by Smiths Group plc.