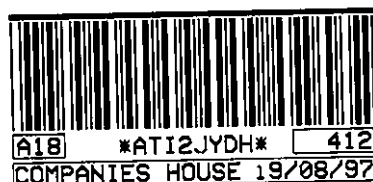


REGISTRAR

**MANN AVIATION SALES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 1996
REGISTERED NUMBER : 1110435**



Warley & Warley

CHARTERED ACCOUNTANTS

76 Cambridge Road, Kingston upon Thames, Surrey

MANN AVIATION SALES LIMITED

REGISTERED NUMBER : 1110435

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FOR THE YEAR ENDED 31 OCTOBER 1996**

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The following page does not form part of the statutory financial statements:

Detailed Trading and Profit and Loss Account	10
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**MANN AVIATION SALES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 OCTOBER 1996**

The directors present their report and the audited financial statements for the year ended 31 October 1996.

PRINCIPAL ACTIVITIES

The principal activity of the company continues to be the earning of commission on the sale of aircraft.

The directors are continuing to look for opportunities to earn commission.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:-

A G Mann (Chairman)
C J Hobbs

At 31 October 1996, the company was a wholly owned subsidiary of Fairoaks Holdings Limited so the directors did not have a direct interest in the share capital. Interests in the share capital of the holding company are detailed in that company's Directors' Report.

STATEMENT OF 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 the safeguarding of the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

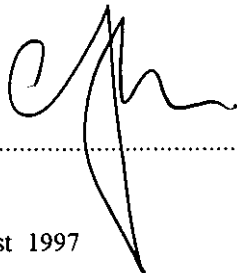
A resolution to re-appoint Messrs Warley and Warley, Chartered Accountants, as auditors, will be put to the members at the Annual General Meeting.

SPECIAL EXEMPTIONS

In preparing this report advantage has been taken of the special exemptions applicable to small companies provided by Part II of Schedule 8 to the Companies Act 1985. In the opinion of the directors, the company is entitled to those exemptions on the grounds that it is a small company.

BY ORDER OF THE BOARD

C.J.HOBBS



.....
Secretary

Date 11 August 1997

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A TRUE COPY**

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
MANN AVIATION SALES LIMITED**

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of directors and auditors.

As described on page 1 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.

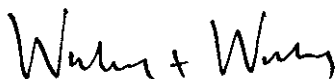
Basis of opinion

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 misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we have 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 1996 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



WARLEY & WARLEY
Chartered Accountants
76 Cambridge Road
Kingston upon Thames
Surrey KT1 3NA

REGISTERED AUDITORS

Date 11 August 1997

MANN AVIATION SALES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 1996

4.

	Notes	1996 £	1995 £
TURNOVER	2	81,264	12,375
Cost of sales		18,758	0
GROSS PROFIT		62,506	12,375
Administrative expenses		122,937	107,041
OPERATING LOSS	3	(60,431)	(94,666)
Interest receivable		39	0
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(60,392)	(94,666)
Taxation credit on ordinary activities	4	58,881	94,000
LOSS FOR THE FINANCIAL YEAR	10	(1,511)	(666)

All the company's operations are classed as continuing.

The statement of movements on reserves is shown in note 10 to the financial statements

There were no recognised gains or losses other than those above.

The attached notes 1 to 14 form part of these financial statements

MANN AVIATION SALES LIMITED
BALANCE SHEET
AT 31 OCTOBER 1996

5.

	Notes	1996	1995
		£	£
FIXED ASSETS			
Tangible assets	5	4,133	3,133
CURRENT ASSETS			
Debtors	6	40,659	14,548
Cash at bank and in hand		63,590	2,669
		<u>104,249</u>	<u>17,217</u>
CREDITORS: amounts falling due within one year	7	584,607	495,064
NET CURRENT LIABILITIES		<u>(480,358)</u>	<u>(477,847)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(476,225)</u>	<u>(474,714)</u>
CAPITAL AND RESERVES			
Share capital	9	100	100
Profit and loss account	10	(476,325)	(474,814)
Shareholders' funds (all equity interests)		<u>(476,225)</u>	<u>(474,714)</u>

In preparing these financial statements, advantage has been taken of special exemptions applicable to small companies provided by Part I of Schedule 8 to the Companies Act 1985. In the opinion of the directors, the company is entitled to those exemptions on the grounds that it satisfies the small company criteria set out in Sections 246 and 247 of that Act.

APPROVED BY THE BOARD

A.G.Mann.....

C.J.Hobbs.....

DIRECTORS

**CERTIFIED TO BE
A TRUE COPY**

Date 11 August 1997

The attached notes 1 to 14 form part of these financial statements

1) ACCOUNTING POLICIES

The principal accounting policies which are adopted in the preparation of the financial statements are set out below:-

a) Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared on the going concern basis.

The directors consider that this is appropriate as fellow group undertakings have expressed their willingness to continue to support the company. The directors do not anticipate a significant curtailment in the company's operations despite the poor results in the past.

b) Turnover

Turnover represents the invoiced value of goods and services provided during the year, stated net of Value Added Tax. Aircraft sales are recorded in the profit and loss account on delivery of the aircraft.

c) Depreciation

Depreciation is provided at the following rates per annum and methods to write off the cost of the tangible fixed assets over their remaining useful lives :-

Reducing balance	
Improvements to land and buildings	5%
Fixtures and fittings	15%
Straight line	
Computer hardware	25%

Depreciation of computers has been altered, from 15% using the reducing balance method, to reflect the company's results more fairly. The effect on the financial statements is not material.

d) Deferred Taxation

Deferred taxation is provided using the liability method for all timing differences except where differences are not expected to reverse in the foreseeable future.

e) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Exchange profits and losses which arise in course of the normal trading activities are included in operating profit.

f) Leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

2) TURNOVER

Turnover was attributable to the principal activity outlined in the Directors' Report and represents sales in the following markets.

	1996	1995
	£	£
United Kingdom	81,264	7,975
Overseas	0	4,400
	<u>81,264</u>	<u>12,375</u>

3) OPERATING LOSS

	1996	1995
	£	£
This is stated after charging:-		
Auditors' remuneration	2,400	2,400
Depreciation	1,365	552
Rent	6,840	6,840
Pension costs	4,916	3,966
Loss/(profit) on exchange	423	(514)
Operating lease payments	452	755
	<u>452</u>	<u>755</u>

4) TAX ON ORDINARY ACTIVITIES

	1996	1995
	£	£
Group relief credit	<u>58,881</u>	<u>94,000</u>

5) TANGIBLE FIXED ASSETS

	Improvements to buildings	Plant And Machinery Etc	Total
	£	£	£
COST			
At 1 November 1995	4,984	12,317	17,301
Additions	0	2,365	2,365
At 31 October 1996	<u>4,984</u>	<u>14,682</u>	<u>19,666</u>
DEPRECIATION			
At 1 November 1995	4,778	9,390	14,168
Charged	15	1,350	1,365
At 31 October 1996	<u>4,793</u>	<u>10,740</u>	<u>15,533</u>
NET BOOK VALUE			
At 31 October 1996	<u>191</u>	<u>3,942</u>	<u>4,133</u>
At 1 November 1995	<u>206</u>	<u>2,927</u>	<u>3,133</u>

6) DEBTORS

	1996	1995
	£	£
Trade debtors	40,535	14,395
Others	124	153
	<u>40,659</u>	<u>14,548</u>

7) CREDITORS : amounts falling due within one year

	1996	1995
	£	£
Bank overdraft	0	20,188
Trade creditors	4,794	1,780
Amounts owed to group undertakings	573,560	464,225
Other taxes and social security costs	1,368	4,018
Other creditors	4,885	4,853
	<u>584,607</u>	<u>495,064</u>

A group undertaking has expressed its willingness to continue to finance the operations for the foreseeable future.

8) PROVISION FOR LIABILITIES AND CHARGES

	1996	1995
	£	£
Deferred taxation		
Provided	<u>0</u>	<u>0</u>
Unprovided	<u>424</u>	<u>576</u>

9) SHARE CAPITAL

	1996	1995
	Number	Number
Ordinary shares of £1 each		
Authorised	<u>100</u>	<u>100</u>
	1996	1995
	£	£
Allotted, called up and fully paid.	<u>100</u>	<u>100</u>

10) PROFIT AND LOSS ACCOUNT

	1996 £	1995 £
At 1 November 1995	(474,814)	(474,148)
Loss for the financial year	(1,511)	(666)
	<hr/>	<hr/>
At 31 October 1996	(476,325)	(474,814)
	<hr/>	<hr/>

11) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	1996 £	1995 £
Loss for the financial year	(1,511)	(666)
Opening shareholders' funds	(474,714)	(474,048)
	<hr/>	<hr/>
Closing shareholders' funds	(476,225)	(474,714)
	<hr/>	<hr/>

12) CONTINGENT LIABILITY

The company has given an unlimited guarantee in respect of amounts due by fellow group undertakings to the groups principal bank. This is secured by a fixed and floating charge over all the assets of the company.

13) PENSION COMMITMENTS

The company participates in a pension scheme operated by Fair Oaks Airport Limited which provides benefits based on pensionable pay. The assets of the scheme are held separately from those of the company, being invested with an insurance company. The pension costs are assessed in accordance with the advice of a qualified actuary, the last actuarial valuation was carried out on 15 July 1994, the results of which are noted in the financial statements of Fair Oaks Airport Limited.

14) ULTIMATE HOLDING COMPANY

In the opinion of the directors, the company's ultimate parent company at 31 October 1996 was Fair Oaks Holdings Limited, a company registered in England and Wales.