

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MAY 1981

Porter, Matthews & Marsden,  
Chartered Accountants,  
'Oakmount',  
6 East Park Road,  
Blackburn.



SPACEGRAND AVIATION SERVICES LIMITED

DIRECTORS

J. Riley (Chairman)  
C.D. Butterworth (Managing Director)

DIRECTORS' REPORT

The directors submit their report and the financial statements of the company for the year ended 31st May 1981.

CHANGE OF NAME

On 18th August 1981 the company changed its name from Spacegrand Limited to Spacegrand Aviation Services Limited.

ACTIVITIES

The principal activity of the company throughout the year was that of aircraft charterers.

RESULTS

In the opinion of the directors the state of the company's affairs is correctly set forth in these financial statements on pages 3 to 7. The Profit & Loss Account on page 3 shows a loss after taxation of £18,562 (1980 - £19,157). The directors do not recommend that a dividend be paid, but that the deficit of £46,027 be carried forward.

DIRECTORS AND INTERESTS IN SHARES

The directors of the company throughout the year were as stated at the head of this report.

Mr. C.D. Butterworth is the beneficial owner of 10 shares of £1 each in the company. He has no interest in the shares of the ultimate holding company.

As Mr. J. Riley is a director of C. Walker & Sons Limited, this company's ultimate holding company, his interest is not required to be recorded in this company's register of directors' interests.

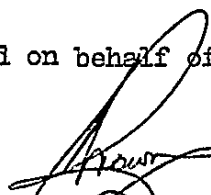
CLOSE COMPANY

The directors consider that the company is a 'close company' within the provisions of the Income and Corporation Taxes Act 1970, as amended.

AUDITORS

A resolution will be proposed at the general meeting to re-appoint Messrs. Porter, Matthews & Marsden, auditors to the company.

Signed on behalf of the board,

  
D.M. BROWN  
Secretary.

9th November 1981

AUDITORS' REPORT TO THE MEMBERS OF  
Spacegrand Aviation Services Limited

We have audited the financial statements on pages 3 to 7 in accordance with approved Auditing Standards.

In our opinion, the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st May 1981 and of its loss and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1980.

Blackburn,  
10th November 1981

*Partie, Matthews & Mansder.*  
Chartered Accountants

SPACEGRAND AVIATION SERVICES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MAY 1981

|                                    | NOTE | <u>1981</u>      | <u>1980</u>      |
|------------------------------------|------|------------------|------------------|
| Turnover                           | 1    | <u>£83,041</u>   | <u>£42,315</u>   |
| Trading profit (loss) for the year |      | 523              | (47,907)         |
| Taxation                           | 3    | <u>19,085</u>    | <u>(28,750)</u>  |
| Loss after taxation                |      | (18,562)         | (19,157)         |
| Deficit brought forward            |      | (27,465)         | ( 8,308)         |
| Deficit carried forward            |      | <u>£(46,027)</u> | <u>£(27,465)</u> |

SPACEGRAND AVIATION SERVICES LIMITED

BALANCE SHEET AS AT 31ST MAY 1981

|  | <u>NOTES</u> | <u>1981</u>     | <u>1980</u>     |
|--|--------------|-----------------|-----------------|
| <b>NET ASSETS</b>                        |              |                 |                 |
| Fixed Assets                             | 4            | 170,450         | 193,681         |
| Engine and propellor replacement reserve |              | ( 9,311)        | ( 4,100)        |
| Interests in group companies             | 5            | 5,086           | 69,924          |
| <u>Current Assets</u>                    |              |                 |                 |
| Stock of aviation fuel                   |              | 252             | 252             |
| Debtors                                  |              | 26,845          | 31,819          |
| Cash and bank balances                   |              | 146             | 20,125          |
|  |              | <u>£ 27,243</u> | <u>£ 52,196</u> |
| <u>Current Liabilities</u>               |              |                 |                 |
| Creditors                                |              | 15,688          | 18,165          |
| Director's current account               |              | -               | 26,856          |
| Bank overdraft                           |              | 3,707           | -               |
|  |              | <u>£ 19,395</u> | <u>£ 45,021</u> |
| Net Current Assets                       |              | <u>7,848</u>    | <u>7,175</u>    |
|  |              | <u>£174,073</u> | <u>£266,680</u> |
| <b>CAPITAL EMPLOYED</b>                  |              |                 |                 |
| Share capital                            | 6            | 100             | 100             |
| Revenue reserve                          |              | ( 46,027)       | ( 27,465)       |
|  |              | ( 45,927)       | ( 27,365)       |
| <b>Loan Accounts --</b>                  |              |                 |                 |
| Ultimate holding Company                 |              | 198,000         | 198,000         |
| Directors                                |              | 22,000          | 22,000          |
| Deferred taxation                        | 7            | -               | 74,045          |
|  |              | <u>£174,073</u> | <u>£266,680</u> |

J. RILEY

C.D. BUTTERWORTH

} Directors

*[Signature]*  
B.D. Butterworth

SPACEGRAND AVIATION SERVICES LIMITED  
SOURCE AND APPLICATION OF FUNDS STATEMENT  
FOR THE YEAR ENDED 31ST MAY 1981

|   | <u>1981</u><br><u>£000</u> | <u>1980</u><br><u>£000</u> |
|---|----------------------------|----------------------------|
| SOURCE OF FUNDS   |                            |                            |
| Trading profit (loss) before tax                              | 1                          | ( 48)                      |
| Adjustment for items not involving<br>the movement of funds - |                            |                            |
| Depreciation  | 23                         | 23                         |
| Replacement reserve   | <u>5</u>                   | <u>2</u>                   |
| Total generated from operations                               | 29                         | ( 23)                      |
| FUNDS FROM OTHER SOURCES                                      |                            |                            |
| Group relief received   | ( 93)                      | 100                        |
|   | <u>( 64)</u>               | <u>77</u>                  |
| APPLICATION OF FUNDS  |                            |                            |
| Purchase of fixed assets                                      | <u>-</u>                   | 162                        |
|   | ( 64)                      | ( 85)                      |
| MOVEMENT IN WORKING CAPITAL                                   |                            |                            |
| Debtors   | ( 5)                       | 15                         |
| Creditors   | 30                         | ( 13)                      |
| Inter-company borrowings                                      | ( 65)                      | ( 87)                      |
| Liquid funds  | <u>( 24)</u>               | <u>-</u>                   |
|   | <u>£( 64)</u>              | <u>£( 85)</u>              |

SPACEGRAND AVIATION SERVICES LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Turnover

Turnover comprises amounts invoiced to customers less eurocharges, landing fees recharged and value added tax.

(b) Depreciation of Fixed Assets

Depreciation has been computed to write off the cost of fixed assets over their expected useful lives, using the following rates:-

|                                       |                       |
|---------------------------------------|-----------------------|
| Aircraft hull, engines and propellers | 10% of cost per annum |
| Aircraft fixtures and fittings        | 10% of cost per annum |
| Motor vehicles                        | 20% of cost per annum |
| Office fixtures and equipment         | 10% of cost per annum |

(c) Deferred Taxation

Deferred taxation is accounted for on the liability method and provision has been made at the current rate of Corporation Tax for the following:-

1. The cumulative excess of capital allowances over corresponding depreciation.
2. Tax losses available for relief against future profits.

(d) Stock of Aviation Fuel

The stock of aviation fuel is valued at the lower of cost and net realisable value.

2. TRADING LOSS

The trading loss for the year has been arrived at after charging:-

|  | <u>1981</u><br><u>£</u> | <u>1980</u><br><u>£</u> |
|--|-------------------------|-------------------------|
| Depreciation                               | 23,231                  | 23,225                  |
| Engine and propeller replacement provision | 5,211                   | 2,367                   |
| Auditors' remuneration                     | 350                     | 350                     |
| Short term interest payable                | (22,230)                | 25,846                  |
| And after crediting:-                      |                         |                         |
| Interest receivable                        | 408                     | 2,192                   |
|  | <u>408</u>              | <u>2,192</u>            |

3. TAXATION

|                                     |                 |                   |
|-------------------------------------|-----------------|-------------------|
| Deferred by capital allowances      | (74,067)        | 71,526            |
| Restriction by virtue of tax losses | 22              | -                 |
| Group relief received               | 93,130          | (100,276)         |
|                                     | <u>£ 19,085</u> | <u>£( 28,750)</u> |

SPACEGRAND AVIATION SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

| 4. FIXED ASSETS           | <u>Total</u>    | <u>Aircraft<br/>hull and<br/>engines</u> | <u>Aircraft<br/>fixtures<br/>and<br/>fittings</u> | <u>Motor<br/>vehicles</u> | <u>Office<br/>fixtures<br/>and<br/>equipment</u> |
|---------------------------|-----------------|--|---|---------------------------|--|
| <b>COST</b>               |                 |  |   |                           |  |
| At 31st May 1980          | <u>£225,713</u> | <u>£217,942</u>                          | <u>£493</u>                                       | <u>£6,592</u>             | <u>£686</u>                                      |
| At 31st May 1981          | <u>£225,713</u> | <u>£217,942</u>                          | <u>£493</u>                                       | <u>£6,592</u>             | <u>£686</u>                                      |
| <b>DEPRECIATION</b>       |                 |  |   |                           |  |
| At 31st May 1980          | 32,032          | 27,693                                   | 73  | 4,201                     | 65   |
| Charge for the year       | <u>23,231</u>   | <u>21,792</u>                            | <u>52</u>   | <u>1,318</u>              | <u>69</u>  |
| At 31st May 1981          | <u>£ 55,263</u> | <u>£ 49,485</u>                          | <u>£125</u>                                       | <u>£5,519</u>             | <u>£134</u>                                      |
| <b>WRITTEN DOWN VALUE</b> |                 |  |   |                           |  |
| 31st May 1981             | <u>£170,450</u> | <u>£168,457</u>                          | <u>£368</u>                                       | <u>£1,073</u>             | <u>£552</u>                                      |
| 31st May 1980             | <u>£193,681</u> | <u>£190,249</u>                          | <u>£420</u>                                       | <u>£2,391</u>             | <u>£621</u>                                      |

5. INTERESTS IN GROUP COMPANIES

Amounts due from fellow subsidiary companies  
Amount owing (to) from ultimate holding company

| <u>1981</u>    | <u>1980</u>     |
|----------------|-----------------|
| 7,146          | 100,276         |
| ( 2,060)       | ( 30,352)       |
| <u>£ 5,086</u> | <u>£ 69,924</u> |

The company is a 90% subsidiary of G. Walker & Sons Limited.

6. SHARE CAPITAL

Authorised, issued and fully paid  
100 shares of £1 each

| <u>1981</u>  | <u>1980</u>  |
|--------------|--------------|
| <u>£ 100</u> | <u>£ 100</u> |

7. DEFERRED TAXATION

Balance at 31st May 1980  
Deferred by capital allowances  
Restricted by tax losses

74,045  
(74,067)  
22

Balance at 31st May 1981

Consisting of -

Capital allowances  
Restriction by virtue of tax losses

25,217  
(25,217)  
-

£ -

No provision has been made in these accounts for additional tax losses, expressed in tax terms, amounting to £15,227.

8. ULTIMATE HOLDING COMPANY

The directors regard G. Walker & Sons Limited, incorporated in England, as the company's ultimate holding company.

9. The financial statements were approved by the directors on 9th November 1981.