

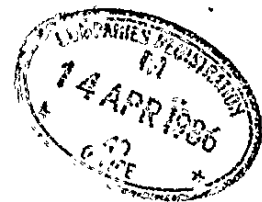
WALKER AVIATION LIMITED  
(FORMERLY SPACEGRAND LIMITED)

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MAY 1985



PORTER MATTHEWS & MARSDEN  
Chartered Accountants  
Oakmount  
6 East Park Road  
Blackburn

WALKER AVIATION LIMITED (FORMERLY SPACEGRAND LIMITED)

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YEAR ENDED 31ST MAY 1985

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DIRECTORS' REPORT

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DIRECTORS

J. Riley (Chairman)  
F. Walker

The directors submit their report and the financial statements of the company for the year ended 31st May 1985.

RESULTS

The trading profit for the year, after taxation, was £34,106. In view of the company's current and future requirements for the maintenance and development of the business the directors do not recommend a dividend be declared but that the deficit of £365,634 be carried forward.

REVIEW OF THE BUSINESS

The principal activity of the company was that of airline operators. On 1st April 1985 the business was transferred to Jersey European Airways Limited and the company now operates as an investment holding company for the airline division of C. Walker & Sons Limited.

DIRECTORS AND THEIR INTERESTS

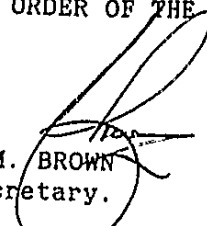
The directors throughout the year were as stated at the head of this report.

As Messrs. J. Riley and F. Walker are directors of C. Walker & Sons Limited, this company's ultimate holding company their interests are not required to be recorded in this company's register of directors' interests.

AUDITORS

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

BY ORDER OF THE BOARD,



D.M. BROWN  
Secretary.

16TH DECEMBER 1985

REGISTERED OFFICE - Walker Industrial Estate, Guide, Blackburn.

AUDITORS' REPORT

YEAR ENDED 31ST MAY 1985

---

TO THE MEMBERS OF WALKER AVIATION LIMITED

We have audited the financial statements on pages 3 to 10 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 1985 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

PORTER MATTHEWS & MARSDEN  
Chartered Accountants  
Blackburn

16TH DECEMBER 1985

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MAY 1985

	NOTE	<u>1985</u>	<u>1984</u>
TURNOVER	1	1,717,051	1,508,218
Cost of sales		<u>1,532,944</u>	<u>1,471,293</u>
OPERATING PROFIT		184,107	36,925
Administrative and selling expenses		<u>260,325</u>	<u>277,192</u>
		( 76,218)	( 240,267)
Interest receivable	3	<u>( 6,686)</u>	<u>( 12,885)</u>
		( 69,532)	( 227,382)
Interest payable	4	<u>1,134</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	( 70,666)	( 227,382)
Tax on loss on ordinary activities	6	<u>( 104,772)</u>	<u>( 176,590)</u>
PROFIT (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		34,106	( 50,792)
DEFICIT BROUGHT FORWARD			
As previously reported		(494,885)	(398,546)
Prior year adjustment	7	<u>95,145</u>	<u>49,598</u>
As restated		( 399,740)	( 348,948)
DEFICIT CARRIED FORWARD		<u>£( 365,634)</u>	<u>£( 399,740)</u>

## BALANCE SHEET

31ST MAY 1985

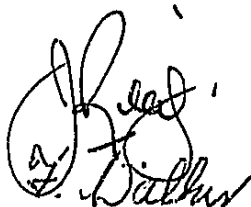
	NOTES	<u>1985</u>	<u>1984</u>
FIXED ASSETS			
Tangible assets	8	-	1,364,165
Investments	9	571,009	-
		<u>571,009</u>	<u>1,364,165</u>
CURRENT ASSETS			
Stocks	10	-	14,525
Debtors	11	1,554,429	614,198
Cash at bank and in hand		38,091	5,370
		<u>1,592,520</u>	<u>634,093</u>
CREDITORS - amounts falling due within one year	12	1,529,163	1,353,645
		<u>1,529,163</u>	<u>1,353,645</u>
NET CURRENT ASSETS (LIABILITIES)		63,357	( 719,552)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>634,366</u>	<u>644,613</u>
PROVISIONS FOR LIABILITIES AND CHARGES	13	-	( 44,353)
		<u>£ 634,366</u>	<u>£ 600,260</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,000,000	1,000,000
Profit and loss account		( 365,634)	( 399,740)
		<u>£ 634,366</u>	<u>£ 600,260</u>

Approved by the board on 16th December 1985

DIRECTORS

J. RILEY

F. WALKER



## SOURCE AND APPLICATION OF FUNDS STATEMENT

YEAR ENDED 31ST MAY 1985

SOURCE OF FUNDS	1985 £'000	1984 £'000
Loss on ordinary activities before taxation	( 71)	( 227)
Adjustment for items not involving the movement of working capital:		
Depreciation	57	115
Maintenance reserve	65	76
	122	191
TOTAL GENERATED BY (ABSORBED BY) OPERATIONS	51	( 36)
FUNDS FROM OTHER SOURCES		
Proceeds of disposal of tangible fixed assets	1,333	2
Share capital issued	-	950
Group relief received	60	221
	1,393	1,173
	1,444	1,137
APPLICATION OF FUNDS		
Investment in group companies	571	-
Purchase of tangible fixed assets	23	71
	( 594)	( 71)
WORKING CAPITAL - INCREASE	£ 850	£ 1,066
INCREASE (DECREASE) IN WORKING CAPITAL		
Stocks	( 15)	7
Debtors	940	247
Creditors - due within one year	( 158)	896
	767	1,150
MOVEMENTS IN NET LIQUID FUNDS		
Cash at bank and in hand	33	5
Bank loans and overdrafts	50	( 89)
	83	( 84)
	£ 850	£ 1,066

## STATEMENT OF ACCOUNTING POLICIES

YEAR ENDED 31ST MAY 1985

---

## 1. ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

## 2. ACCOUNTING POLICY

In accordance with the provisions of Section 229 of the Companies Act 1985 consolidated financial statements have not been prepared as the company is itself a wholly-owned subsidiary of C. Walker and Sons Limited, a company incorporated in Great Britain.

## 3. DEPRECIATION

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:-

Aircraft	7% of cost per annum
Fixtures, fittings, plant and machinery	10% of cost per annum
Motor vehicles	20% of cost per annum
Computer equipment	20% of cost per annum

## 4. STOCKS

Stocks are stated at the lower of cost and net realisable value.

## 5. ENGINE AND PROPELLER MAINTENANCE RESERVE

Monies are set aside to cover the estimated costs that will be incurred upon the major servicing of the engines and propellers in accordance with the service intervals laid down by the Civil Aviation Authority. The estimated costs are accrued evenly in the proportion of hours usage to the hourly intervals between major services.

## 6. 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 cumulative excess of capital allowances over corresponding depreciation. The provision has been restricted by virtue of available tax losses.



## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MAY 1985

## 1. TURNOVER

Turnover comprises amounts invoiced to customers less returns and excluding value added tax.

The turnover and loss on ordinary activities before taxation is attributable to the activity of airline operators. The business was carried on solely within Great Britain and Eire.

## 2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1985</u>	<u>1984</u>
	<u>£</u>	<u>£</u>
The loss is stated after charging:		
Depreciation and losses less profits on disposal of fixed assets	94,054	115,128
Auditors' remuneration	2,000	1,000
Engine and propeller maintenance reserve	87,260	76,207
Aircraft leasing charges	112,016	38,970
	<u>          </u>	<u>          </u>

And after charging an exceptional cost relating to an underprovision for the Engine and propeller maintenance reserve, and excessive engine overhaul costs

185,143	-
<u>          </u>	<u>          </u>

And after crediting an exceptional profit on the sale of aircraft

36,821	-
<u>          </u>	<u>          </u>

## 3. INTEREST RECEIVABLE

Bank interest receivable	£( 6,686)	£( 12,885)
	<u>          </u>	<u>          </u>

## 4. INTEREST PAYABLE

On bank loans and overdrafts and loans wholly repayable within five years	£ 1,134	£ -
	<u>          </u>	<u>          </u>

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31ST MAY 1985

## 5. EMPLOYEES

Total employee costs (including directors)	<u>No.</u>	<u>No.</u>
The average weekly number of employees during the year was made up as follows:-		
Flight and maintenance	19	18
Administration	16	15
	<u>35</u>	<u>33</u>
Employee costs during the year amounted to:		
Wages and salaries	205,919	207,885
Social Security costs	16,914	17,067
Other pension costs	6,042	6,097
	<u>£228,875</u>	<u>£231,049</u>

## 6. TAX ON LOSS ON ORDINARY ACTIVITIES

	<u>1985</u>	<u>1984</u>
Group relief at 44% (1984 - 50%)	( 62,270)	(222,552)
Deferred taxation	( 44,353)	44,353
Taxation underprovided in previous year	1,851	1,609
	<u>£(104,772)</u>	<u>£(176,590)</u>

United Kingdom taxation losses of £90,416 (1984 - £NIL) are carried forward and not reflected in the financial statements.

## 7. PRIOR YEAR ADJUSTMENT

	<u>1985</u>	<u>1984</u>
Change in rate of depreciation on aircraft from 10% to 7% of cost per annum.	£ 95,145	£ 49,598

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31ST MAY 1985

8. TANGIBLE FIXED ASSETS	<u>Aircraft</u>	<u>Office Building</u>	<u>Plant and Equipment</u>	<u>Computer</u>	<u>Total</u>
COST					
At 31st May 1984	1,518,222	-	73,923	7,350	1,599,495
Additions - External	2,695	12,130	2,051	5,900	23,226
Disposals - External	( 162,930)	-	( 3,670)	-	( 166,600)
- Inter-group	(1,357,987)	(12,130)	(72,754)	(13,250)	(1,456,121)
At 31st May 1985	£ -	£ -	£ -	£ -	£ -
DEPRECIATION					
At 31st May 1984	310,400	-	20,075	-	330,475
Prior year adjustment	( 95,145)	-	-	-	( 95,145)
Charge for the year	88,720	1,011	5,117	1,718	96,566
Disposals - External	( 61,418)	-	( 3,242)	-	( 64,660)
- Inter-group	( 242,557)	( 1,011)	(21,950)	( 1,718)	( 267,236)
At 31st May 1985	£ -	£ -	£ -	£ -	£ -
NET BOOK VALUE					
At 31st May 1985	£ -	£ -	£ -	£ -	£ -
At 31st May 1984 (As restated)	£1,302,967	£ -	£53,848	£ 7,350	£1,364,165

## 9. INVESTMENTS

The following subsidiary companies are wholly owned and are engaged in operating, servicing and leasing aircraft:-

Jersey European Airways Limited  
J.E.A. (Engineering) Limited  
Skybreak Tours Limited  
Guide Leasing Limited

Guide Leasing Limited is incorporated in Great Britain and registered in England, the other subsidiary companies are incorporated and registered in Jersey.

## 10. STOCKS

	<u>1985</u>	<u>1984</u>
Aircraft Spares and fuel	£ -	£ 14,525

## 11. DEBTORS

Trade debtors	-	154,282
Amounts owed by group companies	1,554,429	373,853
Taxation and Social Security	-	73,947
Prepayments and accrued income	-	13,116
	£1,554,429	£ 614,198

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31ST MAY 1985

	<u>1985</u>	<u>1984</u>
12. CREDITORS - amounts falling due within one year		
Bank overdraft	23,328	73,328
Trade creditors	-	263,875
Amounts owed to group companies	1,505,835	861,456
Taxation and Social Security	-	217
Other creditors	-	10,439
Accruals and deferred income	-	8,753
Engine and propeller maintenance reserves	-	135,577
	<u>£1,529,163</u>	<u>£1,353,645</u>

The bank overdraft is secured by a first fixed and floating charge on the undertaking and assets of the company.

	<u>1985</u>	<u>1984</u>
13. PROVISION FOR LIABILITIES AND CHARGES		
DEFERRED TAXATION		
Balance at 31st May 1984	44,353	85,040
Provision released on transfer of assets to group companies	( 44,353 )	( 40,687 )
Balance at 31st May 1985	<u>£ -</u>	<u>£ 44,353</u>

14. CALLED UP SHARE CAPITAL		
Authorised, allotted and fully paid -		
1,000,000 ordinary shares of £1 each	<u>£1,000,000</u>	<u>£1,000,000</u>

15. CAPITAL COMMITMENTS		
Contracted for	<u>£ -</u>	<u>£ 52,000</u>

16. ULTIMATE HOLDING COMPANY		
The directors regard C. Walker & Sons Limited, incorporated in Great Britain, as the company's ultimate holding company.		

## TRADING ACCOUNT

YEAR ENDED 31ST MAY 1985

	<u>1985</u>	<u>1984</u>
SALES		
Inter-company - Aircraft leasing	238,003	40,745
External - Sales revenue	1,135,708	1,304,605
Freight contracts	249,690	-
Aircraft leasing	93,650	162,868
	<u>1,717,051</u>	<u>1,508,218</u>
OPERATING EXPENSES		
Inter-company leasing charges -		
Aircraft	112,016	-
External aircraft leasing	-	38,970
Salaries	143,199	143,631
Aircraft parking	17,864	15,189
Aircraft insurance	37,120	34,354
Aircraft depreciation	51,899	106,275
Fuel	298,054	287,289
Maintenance	74,706	207,438
Engine and propeller reserve	272,403	76,207
Landing fees	328,002	359,558
Flight consumables	15,819	21,086
Engineering consumables	2,490	4,207
Handling charges	94,269	92,519
Commission on ticket sales	74,368	72,996
Training fees	8,776	9,477
Depreciation of engineering equipment	1,959	2,097
	<u>1,532,944</u>	<u>1,471,293</u>
OPERATING PROFIT CARRIED FORWARD	184,107	36,925

## TRADING ACCOUNT - CONTINUED

YEAR ENDED 31ST MAY 1985

	<u>1985</u>	<u>1984</u>
OPERATING PROFIT BROUGHT FORWARD	184,107	36,925
<u>ADMINISTRATIVE OVERHEADS</u>		
Salaries	85,676	87,418
Promotion and advertising	22,436	24,704
Travelling expenses	33,827	32,108
Telephone and telex	18,018	15,806
Printing and stationery	37,546	38,667
Incidental expenses	10,998	8,910
Professional charges	6,265	19,432
Repairs to office equipment	808	2,597
Reservation expenses	9,095	7,428
Rent and rates of office	6,010	4,088
Light and heat	3,499	3,504
Repairs to buildings	2,247	2,201
Depreciation of buildings	1,011	-
Depreciation of office equipment	4,351	2,985
Bad debts	5,000	11,372
Motor expenses	11,976	9,941
Depreciation of motor vehicles	( 1,987)	4,328
Bank charges	3,549	1,703
	<u>260,325</u>	<u>277,192</u>
LOSS AFTER ADMINISTRATIVE OVERHEADS	( 76,218)	( 240,267)
<u>FINANCE CHARGES</u>		
Short term interest	1,134	-
Interest receivable	( 6,686)	( 12,885)
	<u>( 5,552)</u>	<u>( 12,885)</u>
TRADING LOSS FOR THE YEAR	<u>£( 70,666)</u>	<u>£( 227,382)</u>

WALKER AVIATION LIMITED  
(FORMERLY SPACEGRAND LIMITED)

1373432/39

AMENDING DOCUMENT  
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AMENDED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31ST MAY 1985

PORTER MATTHEWS & MARSDEN  
Chartered Accountants  
Oakmount  
6 East Park Road  
Blackburn



DIRECTORS' REPORT

---

DIRECTORS

J. Riley (Chairman)  
F. Walker

The directors submit their report and the financial statements of the company for the year ended 31st May 1985.

RESULTS

The trading profit for the year, after taxation, was £34,106. In view of the company's current and future requirements for the maintenance and development of the business the directors do not recommend a dividend be declared but that the deficit of £305,634 be carried forward.

REVIEW OF THE BUSINESS

The principal activity of the company was that of airline operators. On 1st April 1985 the business was transferred to Jersey European Airways Limited and the company now operates as an investment holding company for the airline division of C. Walker & Sons Limited.

DIRECTORS AND THEIR INTERESTS

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

As Messrs. J. Riley and F. Walker are directors of C. Walker & Sons Limited, this company's ultimate holding company their interests are not required to be recorded in this company's register of directors' interests.

AUDITORS

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

BY ORDER OF THE BOARD,



D.M. BROWN  
Secretary.

16TH DECEMBER 1985

REGISTERED OFFICE - Walker Industrial Estate, Guide, Blackburn.



AUDITORS' REPORT

YEAR ENDED 31ST MAY 1985

---

TO THE MEMBERS OF WALKER AVIATION LIMITED

We have audited the financial statements on pages 3 to 10 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 1985 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

PORTER MATTHEWS & MARSDEN  
Chartered Accountants  
Blackburn

16TH DECEMBER 1985

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MAY 1985

	NOTE	<u>1985</u>	<u>1984</u>
TURNOVER	1	1,717,051	1,508,218
Cost of sales		<u>1,532,944</u>	<u>1,471,293</u>
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		( 76,218)	( 240,267)
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		( 69,532)	( 227,382)
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LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	( 70,666)	( 227,382)
Tax on loss on ordinary activities	6	<u>( 104,772)</u>	<u>( 176,590)</u>
PROFIT (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		34,106	( 50,792)
DEFICIT BROUGHT FORWARD			
As previously reported		(494,885)	(398,546)
Prior year adjustment	7	<u>95,145</u>	<u>49,598</u>
As restated		<u>( 399,740)</u>	<u>( 348,948)</u>
DEFICIT CARRIED FORWARD		<u>£( 365,634)</u>	<u>£( 399,740)</u>

## BALANCE SHEET

31ST MAY 1985

	NOTES	<u>1985</u>	<u>1984</u>
<b>FIXED ASSETS</b>			
Tangible assets	8	-	1,364,165
Investments	9	571,009	-
		<u>571,009</u>	<u>1,364,165</u>
<b>CURRENT ASSETS</b>			
Stocks	10	-	14,525
Debtors	11	1,554,429	614,198
Cash at bank and in hand		38,091	5,370
		<u>1,592,520</u>	<u>634,093</u>
CREDITORS - amounts falling due within one year	12	1,529,163	1,353,645
		<u>1,529,163</u>	<u>1,353,645</u>
NET CURRENT ASSETS (LIABILITIES)		63,357	( 719,552)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>634,366</u>	<u>644,613</u>
PROVISIONS FOR LIABILITIES AND CHARGES	13	-	( 44,353)
		<u>£ 634,366</u>	<u>£ 600,260</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1,000,000	1,000,000
Profit and loss account		( 365,634)	( 399,740)
		<u>£ 634,366</u>	<u>£ 600,260</u>

Approved by the board on 16th December 1985

DIRECTORS

J. RILEY

F. WALKER



## SOURCE AND APPLICATION OF FUNDS STATEMENT

YEAR ENDED 31ST MAY 1985

SOURCE OF FUNDS	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>
Loss on ordinary activities before taxation	( 71 )	( 227 )
Adjustment for items not involving the movement of working capital:		
Depreciation	57	115
Maintenance reserve	65	76
	<u>122</u>	<u>191</u>
TOTAL GENERATED BY (ABSORBED BY) OPERATIONS	51	( 36 )
FUNDS FROM OTHER SOURCES		
Proceeds of disposal of tangible fixed assets	1,333	2
Share capital issued	-	950
Group relief received	60	221
	<u>1,393</u>	<u>1,173</u>
	1,444	1,137
APPLICATION OF FUNDS		
Investment in group companies	571	-
Purchase of tangible fixed assets	23	71
	<u>( 594 )</u>	<u>( 71 )</u>
WORKING CAPITAL - INCREASE	£ 857	£ 1,066
INCREASE (DECREASE) IN WORKING CAPITAL		
Stocks	( 15 )	7
Debtors	940	247
Creditors - due within one year	( 158 )	896
	<u>767</u>	<u>1,150</u>
MOVEMENTS IN NET LIQUID FUNDS		
Cash at bank and in hand	33	5
Bank loans and overdrafts	50	( 89 )
	<u>83</u>	<u>( 84 )</u>
	£ 850	£ 1,066

## STATEMENT OF ACCOUNTING POLICIES

YEAR ENDED 31ST MAY 1985

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## 1. ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

## 2. ACCOUNTING POLICY

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Fixtures, fittings, plant and machinery	10% of cost per annum
Motor vehicles	20% of cost per annum
Computer equipment	20% of cost per annum

## 4. STOCKS

Stocks are stated at the lower of cost and net realisable value.

## 5. ENGINE AND PROPELLER MAINTENANCE RESERVE

Monies are set aside to cover the estimated costs that will be incurred upon the major servicing of the engines and propellers in accordance with the service intervals laid down by the Civil Aviation Authority. The estimated costs are accrued evenly in the proportion of hours usage to the hourly intervals between major services.

## 6. 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 cumulative excess of capital allowances over corresponding depreciation. The provision has been restricted by virtue of available tax losses.

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MAY 1985

## 1. TURNOVER

Turnover comprises amounts invoiced to customers less returns and excluding value added tax.

The turnover and loss on ordinary activities before taxation is attributable to the activity of airline operators. The business was carried on solely within Great Britain and Eire.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
The loss is stated after charging:		
Depreciation and losses less profits on disposal of fixed assets	94,054	115,128
Auditors' remuneration	2,000	1,000
Engine and propeller maintenance reserve	87,260	76,207
Aircraft leasing charges	112,016	38,970
	<u>          </u>	<u>          </u>
And after charging an exceptional cost relating to an underprovision for the Engine and propeller maintenance reserve, and excessive engine overhaul costs	185,143	-
	<u>          </u>	<u>          </u>
And after crediting an exceptional profit on the sale of aircraft	36,821	-
	<u>          </u>	<u>          </u>
3. INTEREST RECEIVABLE		
Bank interest receivable	£( 6,686)	£( 12,885)
	<u>          </u>	<u>          </u>
4. INTEREST PAYABLE		
On bank loans and overdrafts and loans wholly repayable within five years	£ 1,134	£ -
	<u>          </u>	<u>          </u>

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31ST MAY 1985

## 5. EMPLOYEES

Total employee costs (including directors)	<u>No.</u>	<u>No.</u>
The average weekly number of employees during the year was made up as follows:-		
Flight and maintenance	19	18
Administration	16	15
	<u>35</u>	<u>33</u>
Employee costs during the year amounted to:		
Wages and salaries	205,919	207,885
Social Security costs	16,914	17,067
Other pension costs	6,042	6,097
	<u>£228,875</u>	<u>£231,049</u>

## 6. TAX ON LOSS ON ORDINARY ACTIVITIES

	<u>1985</u>	<u>1984</u>
Group relief at 44% (1984 - 50%)	( 62,270)	(222,552)
Deferred taxation	( 44,353)	44,353
Taxation underprovided in previous year	1,851	1,609
	<u>£(104,772)</u>	<u>£(176,590)</u>

United Kingdom taxation losses of £90,416 (1984 - £NIL) are carried forward and not reflected in the financial statements.

## 7. PRIOR YEAR ADJUSTMENT

	<u>1985</u>	<u>1984</u>
Change in rate of depreciation on aircraft from 10% to 7% of cost per annum.	£ 95,145	£ 49,598

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31ST MAY 1985

8. TANGIBLE FIXED ASSETS	<u>Aircraft</u>	<u>Office Building</u>	<u>Plant and Equipment</u>	<u>Computer</u>	<u>Total</u>
COST					
At 31st May 1984	1,518,222	-	73,923	7,350	1,599,495
Additions - External	2,695	12,130	2,051	5,900	23,226
Disposals - External	( 162,930)	-	( 3,670)	-	( 166,600)
- Inter-group	(1,357,987)	(12,130)	(72,754)	(13,250)	(1,456,121)
At 31st May 1985	£ -	£ -	£ -	£ -	£ -
DEPRECIATION					
At 31st May 1984	310,400	-	20,075	-	330,475
Prior year adjustment	( 95,145)	-	-	-	( 95,145)
Charge for the year	88,720	1,011	5,117	1,718	96,566
Disposals - External	( 61,418)	-	( 3,242)	-	( 64,660)
- Inter-group	( 242,557)	( 1,011)	(21,950)	( 1,718)	( 267,236)
At 31st May 1985	£ -	£ -	£ -	£ -	£ -
NET BOOK VALUE					
At 31st May 1985	£ -	£ -	£ -	£ -	£ -
At 31st May 1984	£1,302,967	£ -	£53,848	£ 7,350	£1,364,165
(As restated)					

## 9. INVESTMENTS

The following subsidiary companies are wholly owned and are engaged in operating, servicing and leasing aircraft:-

Jersey European Airways Limited  
J.E.A. (Engineering) Limited  
Skybreak Tours Limited  
Guide Leasing Limited

Guide Leasing Limited is incorporated in Great Britain and registered in England, the other subsidiary companies are incorporated and registered in Jersey.

## 10. STOCKS

	<u>1985</u>	<u>1984</u>
Aircraft Spares and fuel	£ -	£ 14,525

## 11. DEBTORS

Trade debtors	-	154,282
Amounts owed by group companies	1,554,429	373,853
Taxation and Social Security	-	73,947
Prepayments and accrued income	-	13,116
	£1,554,429	£ 614,198



## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED 31ST MAY 1985

12. CREDITORS - amounts falling due within one year	<u>1985</u>	<u>1984</u>
Bank overdraft	23,328	73,328
Trade creditors	-	263,875
Amounts owed to group companies	1,505,835	861,456
Taxation and Social Security	-	217
Other creditors	-	10,439
Accruals and deferred income	-	8,753
Engine and propeller maintenance reserves	-	135,577
	<u>£1,529,163</u>	<u>£1,353,645</u>

The bank overdraft is secured by a first fixed and floating charge on the undertaking and assets of the company.

13. PROVISION FOR LIABILITIES AND CHARGES	<u>1985</u>	<u>1984</u>
DEFERRED TAXATION		
Balance at 31st May 1984	44,353	85,040
Provision released on transfer of assets to group companies	( 44,353 )	( 40,687 )
Balance at 31st May 1985	<u>£ -</u>	<u>£ 44,353</u>

14. CALLED UP SHARE CAPITAL		
Authorised, allotted and fully paid -		
1,000,000 ordinary shares of £1 each	<u>£1,000,000</u>	<u>£1,000,000</u>

15. CAPITAL COMMITMENTS		
Contracted for	<u>£ -</u>	<u>£ 52,000</u>

## 16. ULTIMATE HOLDING COMPANY

The directors regard C. Walker & Sons Limited, incorporated in Great Britain, as the company's ultimate holding company.