

Lynton Aviation Aircraft Sales Limited
(formerly Air Hanson Aircraft Sales Limited)

Registered No. 1658371

DIRECTORS

C J Tennant
D W R Harland

SECRETARY

A K Atkinson

AUDITORS

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

BANKERS

Bank of Scotland
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London SW1Y 5BL

REGISTERED OFFICE

Business Aviation Centre
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Camberley
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 **ERNST & YOUNG**



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COMPANIES HOUSE

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03/06/00

Lynton Aviation Aircraft Sales Limited
(formerly Air Hanson Aircraft Sales Limited)

DIRECTORS' REPORT

The directors present their report and accounts for the thirteen months ended 30 September 1999.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £165,765 (1998 - loss £399,902).

The directors do not recommend the payment of a dividend for the period.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company continued to be the sale of aircraft and helicopters.

On 1 June 1999 the company changed its name to Lynton Aviation Aircraft Sales Limited (previously Air Hanson Aircraft Sales Limited).

DIRECTORS AND THEIR INTERESTS

The directors during the period were those listed on page 1.

No director has an interest in the share capital of the company.

YEAR 2000 COMPLIANCE

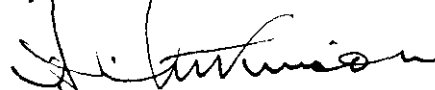
As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

Since 31 December 1999 the company has not experienced any adverse effects as a result of the Year 2000 issue. The company is continuing to monitor its computer systems and any additional costs are not expected to be significant.

ANNUAL GENERAL MEETINGS

Pursuant to the Elective Resolution of the company passed on 19 July 1991 the company has dispensed with the need to hold Annual General Meetings. Any member of the company is entitled to require the laying of the accounts before a general meeting on giving due notice to that effect in accordance with Section 253 of the Companies Act 1985.

By order of the Board



A K Atkinson
Secretary

19 MAY 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of its 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; and
- prepare the accounts 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 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 Lynton Aviation Aircraft Sales Limited
(formerly Air Hanson Aircraft Sales Limited)**

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

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

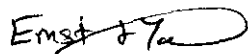
Basis of opinion

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 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 at 30 September 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

19 MAY 2000

Lynton Aviation Aircraft Sales Limited
(formerly Air Hanson Aircraft Sales Limited)

PROFIT AND LOSS ACCOUNT
for the period ended 30 September 1999

		<i>13 months ended 30 September 1999</i>	<i>11 months ended 3 September 1998</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
TURNOVER	2	352,674	3,785,138
Cost of sales		95,431	3,626,765
Gross profit		257,243	158,373
Administration expenses		94,495	558,275
OPERATING PROFIT/(LOSS)	3	162,748	(399,902)
Interest receivable		3,017	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		165,765	(399,902)
Taxation	6	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES FOR THE PERIOD		165,765	(399,902)

The company has no recognised gains or losses other than the profit for the period (1998 - loss).

Lynton Aviation Aircraft Sales Limited
(formerly Air Hanson Aircraft Sales Limited)

BALANCE SHEET
at 30 September 1999

		30 September 1999	3 September 1998
	Notes	£	£
FIXED ASSETS			
Tangible assets	7	-	13,704
CURRENT ASSETS			
Debtors	8	458,362	651,549
Cash at bank and in hand		179	7,715
		458,541	659,264
CREDITORS: amounts falling due within one year	9	1,269,552	1,649,744
NET CURRENT LIABILITIES		(811,011)	(990,480)
TOTAL ASSETS LESS CURRENT LIABILITIES		(811,011)	(976,776)
CAPITAL AND RESERVES			
Called up share capital	10	2	2
Profit and loss account	11	(811,013)	(976,778)
		(811,011)	(976,776)

Approved by the board of directors on



19 MAY 2000

NOTES TO THE ACCOUNTS
at 30 September 1999

1. ACCOUNTING POLICIES

Accounting convention

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

Fundamental accounting concept

The accounts have been prepared on the going concern basis because the company's ultimate parent undertaking has agreed to provide financial support as necessary to enable the company to meet its liabilities as they fall due.

Depreciation

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

Office equipment	-	over 2 - 4 years
Plant and machinery	-	over 5 - 7 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

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

Warranties

Provision is made for certain undertakings given at the time of sale of aircraft and helicopters to carry out specified remedial work at the company's expense.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Lynton Aviation Aircraft Sales Limited
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NOTES TO THE ACCOUNTS
at 30 September 1999

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is attributable to one continuing activity, the sale of aircraft and helicopters.

All the company's turnover is attributable to non-EU country markets.

3. OPERATING PROFIT/(LOSS)

This is stated after charging:

	<i>13 months ended 30 September 1999 £</i>	<i>11 months ended 3 September 1998 £</i>
Depreciation of owned fixed assets	-	3,606
Hire of plant and equipment under operating leases	408	5,584
Auditors' remuneration	-	-
Loss on disposal of fixed assets	13,704	-
	<u>13,704</u>	<u>9,190</u>

Certain fees for audit and non-audit services provided by Ernst & Young to the company have been borne by the ultimate parent company. It is not practicable to ascertain what proportion of such fees relates to the company.

4. DIRECTORS' EMOLUMENTS

The directors received no remuneration from the company during the period.

5. STAFF COSTS

	<i>13 months ended 30 September 1999 £</i>	<i>11 months ended 3 September 1998 £</i>
Wages and salaries	20,573	86,299
Social security costs	1,892	8,630
	<u>22,465</u>	<u>94,929</u>

The monthly average number of employees during the period was as follows:

	<i>13 months ended 30 September 1999 No.</i>	<i>11 months ended 3 September 1998 No.</i>
Administration and distribution	1	3
	<u>1</u>	<u>3</u>

Lynton Aviation Aircraft Sales Limited
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NOTES TO THE ACCOUNTS
at 30 September 1999

6. TAXATION

No taxation arises in the current period due to the availability of tax losses suffered by fellow group companies.

7. TANGIBLE FIXED ASSETS

	<i>Plant and equipment £</i>
Cost:	
At 4 September 1998	35,157
Disposals	(35,157)
At 30 September 1999	-
Depreciation:	
At 4 September 1998	21,453
Disposals	(21,453)
At 30 September 1999	-
Net book amount:	
At 30 September 1999	-
At 4 September 1998	13,704

8. DEBTORS

	<i>30 September 1999 £</i>	<i>3 September 1998 £</i>
Trade debtors	-	8,090
Amounts owed by fellow group undertakings	367,025	563,528
Other debtors	67,603	-
Prepayments and accrued income	23,734	79,931
	458,362	651,549

9. CREDITORS: amounts falling due within one year

	<i>30 September 1999 £</i>	<i>3 September 1998 £</i>
Bank overdraft	56,867	-
Trade creditors	3,820	32,994
Amount owed to fellow group undertakings	1,057,216	1,321,382
Other creditors	-	56,317
Accruals and deferred income	151,649	239,051
	1,269,552	1,649,744

Lynton Aviation Aircraft Sales Limited
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NOTES TO THE ACCOUNTS
at 30 September 1999

10. CALLED UP SHARE CAPITAL

	<i>Authorised 30 September 1999 and 3 September 1998 £</i>	<i>Allotted, called up and fully paid 30 September 1999 and 3 September 1998 £</i>
Ordinary shares of £1 each	100	2

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total shareholders' funds £</i>
At 1 October 1997	2	(576,876)	(576,874)
Loss for the period		(399,902)	(399,902)
At 3 September 1998	2	(976,778)	(976,776)
Profit for the period		165,765	165,765
At 30 September 1999	2	(811,013)	(811,011)

12. RELATED PARTY TRANSACTIONS

In accordance with the exemption conferred by FRS 8 the company has not disclosed transactions with other members of the group headed by Lynton Group Limited.

13. PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Air Hanson Limited.

The parent undertaking of the smallest and largest group of undertakings for which group accounts are drawn up and of which the company is a member is Lynton Group Limited. It has included the company in its group accounts, copies of which are available from its registered office: Denham Airfield, Hangar Road, Uxbridge, Middlesex UB9 5DF.

The company's ultimate parent undertaking and controlling party is Lynton Group Inc. which is incorporated in the USA. This company is not required to publish its accounts.