

McALPINE AIR SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
31 OCTOBER 2008



Registered in England and Wales No. 1887965

McALPINE AIR SERVICES LIMITED

REPORT OF THE DIRECTORS

Directors: Kenneth McAlpine
 A R Bolt BA, FCMA

Secretary: R P Walker BA, FCCA

The directors present their annual report and the audited financial statements for the year ended 31 October 2008.

The directors report has been prepared in accordance with the special provisions relating to small companies under S.246(4), Companies Act 1985.

1. RESULTS FOR THE YEAR

The profit for the year on ordinary activities after taxation amounted to £9,473,651 (2007: loss of £600) which along with an interim dividend of £6,400,000 (2007: £Nil) which was declared and paid during the year has been added to the surplus brought forward of £929,447 giving a surplus to carry forward of £4,003,098.

On 1 November 2007, the company sold its principal subsidiary for expected proceeds of £12.75m and a net profit of £9.5m, although this may change as a result of an outstanding claim against the entity sold (see note 5).

The directors do not recommend the payment of a final dividend (2007: £Nil).

2. PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity in the previous year was acting as a holding company for its subsidiaries which operated in the aviation and aviation services supplies business. Following the disposal of its principal subsidiary and since its remaining subsidiary is and is likely to remain dormant, then the company itself is likely to become dormant at the earliest opportunity. As a result of this, the financial statements have been prepared on a basis other than the going concern basis.

3. DIRECTORS

The directors, as set out above, served throughout the year and remain in office.

4. INDEMNITY PROVISION

Third party indemnity provisions made by the ultimate parent company on behalf of all directors within the Group were in force for the entire financial year.

McALPINE AIR SERVICES LIMITED

REPORT OF THE DIRECTORS (CONTINUED)


5. DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:-

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S.234ZA of the Companies Act 1985.

By Order of the Board



R P Walker
Secretary

Registered Office:
Eaton Court
Maylands Avenue
Hemel Hempstead
Herts HP2 7TR

9th APRIL 2009

McALPINE AIR SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

United Kingdom company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards and applicable laws). The financial statements are required by law to give a true and fair view of the state of affairs of the company as at the end of the financial year 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the company's system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

McALPINE AIR SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF McALPINE AIR SERVICES LIMITED

We have audited the financial statements of McAlpine Air Services Limited for the year ended 31 October 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 8. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

McALPINE AIR SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF McALPINE AIR SERVICES LIMITED
(CONTINUED)

Emphasis of Matter - Financial statements prepared on a basis other than that of a going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Deloitte WP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

16 April 2009

McALPINE AIR SERVICES LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31 October 2008**

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
		£	£
Turnover - continuing operations	1	1,226,000	-
Administrative expenses		(1,226,915)	(600)
		<hr/>	<hr/>
Operating loss - continuing operations	2	(915)	(600)
Profit on disposal of subsidiary		9,474,566	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		9,473,651	(600)
Tax on profit/(loss) on ordinary activities	3	-	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation	6	9,473,651	(600)
Interim dividend paid	6	(6,400,000)	-
		<hr/>	<hr/>
Retained profit/(loss) for the financial year		3,073,651	(600)
Profit and loss account brought forward		929,447	930,047
		<hr/>	<hr/>
Profit and loss account carried forward		4,003,098	929,447
		<hr/>	<hr/>

There are no recognised gains or losses (2007: £Nil) other than the retained profit/(loss) for the financial year and therefore no statement of total recognised gains and losses is given.

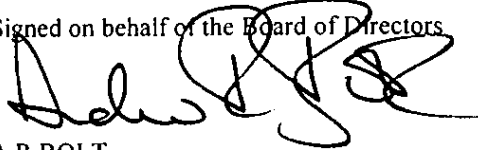
McALPINE AIR SERVICES LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2008

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
		£	£
FIXED ASSETS			
Investments	1, 5	10,000	460,000
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors:			
Amounts owed by immediate parent company		4,414,275	-
Amounts owed by subsidiary company	5	-	1,914,630
Other debtors - due in less than one year		300,000	-
- due after one year		300,000	-
Taxation - VAT		2,279	105
Prepayments		-	55,110
		<hr/>	<hr/>
		5,016,554	1,969,845
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amounts owed to immediate parent company		-	(477,085)
Amounts owed to subsidiary undertakings		(22,713)	(22,713)
Accruals		(743)	(600)
		<hr/>	<hr/>
		(23,456)	(500,398)
NET CURRENT ASSETS		<hr/>	<hr/>
		4,993,098	1,469,447
NET ASSETS		<hr/>	<hr/>
		5,003,098	1,929,447
CAPITAL AND RESERVES			
Called up share capital:			
Authorised, allotted and fully paid:			
1,000,000 Ordinary shares of £1 each		1,000,000	1,000,000
Profit and loss account		4,003,098	929,447
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	6	<hr/>	<hr/>
		5,003,098	1,929,447

These financial statements were approved by the Board of Directors on 16TH APRIL 2009.

Signed on behalf of the Board of Directors


A R BOLT

Director

McALPINE AIR SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 October 2008

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The particular policies adopted, which have been applied consistently in the current and prior years, are described below.

Accounting convention

The financial statements have been prepared on a basis other than the going concern basis as the company has ceased to trade. No adjustments have been necessary as a result of preparing these accounts on a basis other than the going concern basis.

Investments

Investments held as fixed assets are stated at cost less provision for impairment in value.

Turnover

Turnover consists of recharges made to other group companies and is derived from within the United Kingdom.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Financial Reporting Standard No. 19, Deferred Tax, requires full provision for timing differences which have originated at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future. Deferred tax assets are recognised to the extent that it is regarded more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 (Revised), Cash Flow Statements, of not producing a cash flow statement since it is a wholly owned subsidiary of Newarthill Limited which produces group financial statements.

2. OPERATING LOSS

Operating loss is stated after charging:

	<u>2008</u>	<u>2007</u>
	£	£
Fees payable to the company's auditors for the audit of the company's annual accounts	915	600

McALPINE AIR SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 October 2008

3. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

There was no tax charge for the year (2007: £Nil).

Factors affecting the tax charge for the current year:

	<u>2008</u>	<u>2007</u>
	£	£
Profit/(loss) on ordinary activities before taxation	9,473,651	(600)
United Kingdom Corporation Tax at 28.8% (2007: 30%)	2,731,311	(180)
Expenses not deductible for tax purposes	353,463	-
Effect of gains (including Rollover Relief)	(2,731,574)	-
Group relief not paid for	(556,455)	(26,820)
Transfer pricing adjustment	203,255	27,000
Current tax charge for the year	-	-

There were no unrecognised deferred tax assets or liabilities (2007: £Nil).

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company had no employees during the year (2007: None) and no emoluments were paid to the directors in respect of their services to the company (2007: £Nil).

5. FIXED ASSET INVESTMENTS

Shares in Subsidiaries

	£
Cost and Net Book Value:	
As at 1 November 2007	460,000
Disposals	(450,000)
As at 31 October 2008	10,000

On 1 November 2007, the shares held in the company's main subsidiary, McAlpine Helicopters Limited, were sold for expected proceeds of £12.75m, although this is dependent upon the settlement of an outstanding claim against McAlpine Helicopters Limited by one of its customers. The amount provided in these accounts in respect of this claim is £700,000, which in the opinion of the directors is a prudent estimate of the most likely outcome. Until this is settled, it is uncertain whether the total final proceeds will increase or decrease. In addition the loan to McAlpine Helicopters Limited of £1.915m as at 31 October 2007 has been written off as part of the disposal.

The only other subsidiary owned by the company is McAlpine Aviation Limited, which is incorporated in Great Britain and registered in England and Wales. This company is 100% owned and is currently dormant.

In the directors' opinion, the aggregate value of the shares held in the subsidiary undertaking is not less than the aggregate of the amounts at which they are stated in the company's balance sheet.

McALPINE AIR SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 October 2008

5. FIXED ASSET INVESTMENTS (CONTINUED)

These financial statements present information about the company as an individual undertaking and not as a group. Consolidated financial statements have not been prepared as the company is itself a wholly-owned subsidiary and has taken advantage of the exemptions conferred by S.228, Companies Act 1985.

6. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	<u>2008</u>	<u>2007</u>
	£	£
Profit/(loss) on ordinary activities after taxation	9,473,651	(600)
Interim dividend paid of 640p per Ordinary share (2007: £Nil per Ordinary share)	(6,400,000)	-
	<hr/>	<hr/>
Retained profit/(loss) for the financial year	3,073,651	(600)
Opening equity shareholders' funds	1,929,447	1,930,047
	<hr/>	<hr/>
Closing equity shareholders' funds	<u>5,003,098</u>	<u>1,929,447</u>

7. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of the Newarthill Limited group of companies and has taken advantage of the exemption which is conferred by Financial Reporting Standard No. 8, Related Party Disclosures, that allows it not to disclose transactions with group undertakings.

8. ULTIMATE PARENT COMPANY

The immediate controlling party is Sir Robert McAlpine Enterprises Limited and the ultimate parent company is Newarthill Limited, which is incorporated in Great Britain and registered in England and Wales. These companies represent the smallest and largest groups to prepare consolidated accounts which include the results of this entity. Copies of the group accounts can be obtained from Newarthill Limited, 40 Bernard Street, London WC1N 1LG. The ultimate controlling party is the McAlpine Partnership Trust.