

Company Registration No. 2327314

**AIRSTREAM INTERNATIONAL GROUP LIMITED**

**Report and Financial Statements**

**31 December 1996**



**AIRSTREAM**

**AIRSTREAM INTERNATIONAL GROUP LIMITED**

**REPORT AND FINANCIAL STATEMENTS 1996**

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**AIRSTREAM INTERNATIONAL GROUP LIMITED**

**REPORT AND FINANCIAL STATEMENTS 1996**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J A N Cameron  
P J Crutchfield  
P P Graham  
S A Jack  
R W McComb  
R G Summerland  
A J White

**JOINT SECRETARIES**

A Morrison  
H A Smith

**REGISTERED OFFICE**

20 Fenchurch Street  
London EC3P 3DB

**BANKERS**

Barclays Bank PLC  
Kleinwort Benson (Jersey) Limited

**SOLICITORS**

Watson, Farley and Williams

**AUDITORS**

Coopers & Lybrand  
Chartered Accountants  
9 Greyfriars Road  
Reading  
Berkshire RG1 1JG

## DIRECTORS' REPORT

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

### CHANGE OF NAME

The Company changed its name on 25 September 1996 from Airstream Finance Limited to Airstream International Group Limited.

### PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activities of the Company are the management and administration of aircraft lease portfolios and the provision of marketing, financing and consultancy services in the aviation industry.

The directors are satisfied with the Company's progress and will continue to seek additional opportunities in the Company's principal areas of activity.

### RESULTS AND DIVIDEND

The results of the Company for the year are set out in detail on page 5.

The directors do not recommend the payment of a final dividend for the year (1995 - £nil).

### DIRECTOR AND DIRECTORS' INTERESTS

The directors who held office during the year were as follows:

J A N Cameron  
P J Crutchfield  
P P Graham  
S A Jack  
R W McComb  
R G Summerland  
A J White

P J Crutchfield and P P Graham each held 1,000 'A' ordinary shares in the Company throughout the year. No other director had any interest in the share capital of the Company at any time during the year.

The following directors had a disclosable interest in the Loans Notes of £1 each in Dresdner Investments (UK) plc during the year.

	31 December 1996	31 December 1995
S A Jack	20,612	39,164
R W McComb	6,851	6,851
A J White	-	9,881

None of the other directors had any disclosable interest in the shares or debentures of any group company. The directors are exempt from disclosing their interests in the shares or debentures of the ultimate parent company, Dresdner Bank AG, as it is incorporated outside the UK

## DIRECTORS' REPORT (Continued)

### JOINT SECRETARIES

L E Young resigned as joint secretary on 9 August 1996. A Morrison was appointed on that date. The second secretary, H A Smith, continued to serve throughout the financial year.

### 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 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a 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. 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.

### AUDITORS

An elective resolution has been passed under Section 379A of the Companies Act 1985 to dispense with the annual appointment of the auditors. Accordingly Coopers & Lybrand will remain in office.

Approved by the Board of Directors  
and signed on behalf of the Board



A Morrison  
Secretary

23<sup>rd</sup> October

, 1997

## AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 16 which have been prepared under the accounting policies set out on page 9.

### Respective responsibilities of directors and auditors

As described on page 3 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.

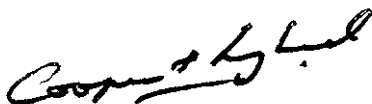
### Basis of opinion

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 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 of the state of the Company's affairs as at 31 December 1996 and of its profit and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand  
Chartered Accountants and Registered Auditors  
Reading

24th October, 1997

**AIRSTREAM INTERNATIONAL GROUP LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 1996**

	Note	1996 £	1995 £
<b>TURNOVER</b>		1,606,806	1,536,163
Administrative expenses	2	(1,475,567)	(1,188,950)
<b>OPERATING PROFIT</b>		131,239	347,213
Income from associate companies		174,913	70,444
Interest receivable		47,287	55,192
Amounts written off in investments in associate companies		(437)	-
Interest payable	3	(1,670)	(2,449)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		351,332	470,400
Tax on profit on ordinary activities	5	(133,104)	(165,722)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		218,228	304,678
Interim dividends proposed		-	(500,000)
<b>RETAINED PROFIT/(DEFICIT) FOR THE YEAR</b>		<u>218,228</u>	<u>(195,322)</u>
Reserves brought forward		425,780	621,102
Retained profit/(deficit) for the year		<u>218,228</u>	<u>(195,322)</u>
<b>RESERVES CARRIED FORWARD</b>		<u>644,008</u>	<u>425,780</u>

Turnover and operating profit are derived from continuing operations.

There were no recognised gains or losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

There were no movements other than the recognised gains and losses.

There is no difference between the profit on ordinary activities before tax, the retained profit for the financial year as stated above, and their historical cost equivalent.

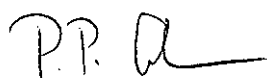
**AIRSTREAM INTERNATIONAL GROUP LIMITED**

**BALANCE SHEET**

**31 December 1996**

	Note	1996 £	1995 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	6	62,938	60,904
Investments in associated companies	7	6,481	6,918
		<u>69,419</u>	<u>67,822</u>
<b>CURRENT ASSETS</b>			
Amounts receivable from associated companies		60,799	72,813
Amounts receivable from fellow subsidiary company		17,023	-
Repayments and other debtors		84,409	84,205
ACT recoverable	8	25,000	25,000
Dividends due from associated companies		27,547	45,605
Cash at bank and in hand		782,024	1,117,561
		<u>996,802</u>	<u>1,345,184</u>
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	<u>(412,213)</u>	<u>(977,226)</u>
<b>NET CURRENT ASSETS</b>		<u>584,589</u>	<u>367,958</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>654,008</u>	<u>435,780</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	10,000	10,000
Profit and loss account		644,008	425,780
<b>EQUITY SHAREHOLDERS' FUNDS</b>	11	<u>654,008</u>	<u>435,780</u>

These financial statements were approved by the Board of Directors and signed on its behalf.



Director

23<sup>rd</sup> October 1997



**CASH FLOW STATEMENT****For the year ended 31 December 1996**

	Note	1996 £	1995 £
Net cash inflow from operating activities	I	136,534	342,439
<b>Returns on investments and servicing of finance</b>			
Interest received		47,179	53,644
Interest element of hire purchase contracts		(1,670)	(2,449)
Dividends received from associated companies		191,311	67,837
<b>Net cash inflow from returns on investments and servicing of finance</b>		236,820	119,032
<b>Taxation</b>			
UK corporation tax paid (including advance corporation tax)		(187,252)	(183,295)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(18,011)	(46,516)
Sale of tangible fixed assets		-	9,800
Purchase of investment		-	(6,070)
<b>Net cash outflow from capital expenditure and financial investment</b>		(18,011)	(42,786)
<b>Equity dividends paid</b>		(500,000)	-
<b>Net cash (outflow)/inflow before use of liquid resources and financing</b>		(331,909)	235,390
<b>Financing</b>			
Capital element of hire purchase contracts		(3,628)	(15,075)
<b>Net cash outflow from financing</b>		(3,628)	(15,075)
<b>(Decrease)/increase in cash</b>		(335,537)	220,315

**RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS**

II

£

Decrease in cash in the period	(335,537)
Cash outflow from decrease in finance lease	3,628
<b>Change in net funds resulting from cashflows</b>	(331,909)
Net funds as at 1 January 1996	1,104,050
<b>Net funds as at 31 December 1996</b>	772,141

**NOTES TO THE CASH FLOW STATEMENT****For the year ended 31 December 1996****I. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1996	1995
	£	£
Operating profit	131,239	347,213
Depreciation	15,977	21,590
Profit on sale of fixed assets	-	(1,412)
Increase in debtors	(3,445)	(20,432)
Decrease in creditors	(7,237)	(4,520)
Net cash inflow from operating activities	<u>136,534</u>	<u>342,439</u>

**II. ANALYSIS OF CHANGES IN NET FUNDS**

	As At 1 January 1996 £	Cash Flows 1996 £	As at 31 December 1996 £
Cash in hand, at bank	1,117,561	(335,537)	782,024
Debt due within 1 year	(13,511)	3,628	(9,883)
	<u>1,104,050</u>	<u>(331,909)</u>	<u>772,141</u>

**NOTES TO THE ACCOUNTS**  
**31 December 1996**

**1. ACCOUNTING POLICIES**

**Accounting convention**

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

**Basis of preparation**

As consolidated accounts are not required information concerning associated companies under the equity method of accounting is not included in the Company's balance sheet and profit and loss account but is incorporated in supplementary form in note 7 on page 12.

**Tangible fixed assets**

Depreciation is provided on all tangible fixed assets in order to write off the original cost of the asset over its estimated useful economic life. The rates of depreciation, per annum, are:

Motor vehicles	25% reducing balance
Office fixtures, fittings and furniture	25% reducing balance

**Fixed asset investments**

Investments in associated companies are stated at cost less any permanent diminution in value.

**Turnover**

Turnover comprises commission and consultancy income net of VAT, arising from the arrangement of finance, remarketing of aircraft and provision of lease management and advisory services to the aircraft industry.

**Pension costs**

The Company contributes to the Airstream Finance Limited Staff Pension Plan defined contribution funded scheme.

Contributions are charged to the profit and loss account when they fall due for payment.

**Leases**

Assets held under hire purchase contracts are capitalised at their fair value at the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

# NOTES TO THE ACCOUNTS

## 31 December 1996

### 2. ADMINISTRATIVE EXPENSES

	1996	1995
	£	£
Staff costs for the year (including directors' remuneration)		
Wages and salaries	790,682	678,682
Social security costs	76,558	64,738
Other pension costs	60,280	54,482
	<u>927,520</u>	<u>797,902</u>
Auditors' remuneration	6,500	6,150
Depreciation - assets held under hire purchase agreements	2,919	5,323
Depreciation - owned assets	13,058	16,267
Operating lease rentals - land and buildings	133,442	47,316
Other operating expenses	392,128	315,992
	<u>1,475,567</u>	<u>1,188,950</u>

The monthly average number of persons employed by the Company during the year was 17 (1995 - 13).

### 3. INTEREST PAYABLE

	1996	1995
	£	£
Finance leases	<u>1,670</u>	<u>2,449</u>

### 4. INFORMATION REGARDING DIRECTORS

	1996	1995
	£	£
Directors' emoluments, including pension contributions	433,645	427,047
Remuneration of chairman	-	-
Remuneration of highest paid director	<u>155,525</u>	<u>152,294</u>
Scale of other directors' remuneration	No.	No.
£ 0 - £ 5,000	4	4
£ 95,001 - £ 100,000	1	1
£ 150,001 - £ 155,000	<u>1</u>	<u>1</u>

Other than the three highest paid directors listed above, the directors were paid by other group companies. It is not practicable to allocate their emoluments between their services as executives to various group companies.

**NOTES TO THE ACCOUNTS**  
**31 December 1996**

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1996 £	1995 £
<b>Taxation charge is based on the profit for the year and comprises:</b>		
United Kingdom corporation tax at 33% (1995 - 33%)	138,084	167,232
Less: Double tax relief	(4,598)	(6,393)
	<u>133,486</u>	<u>160,839</u>
Overseas tax suffered	4,598	6,393
Adjustment in respect of previous years	(4,980)	(1,510)
	<u><u>133,104</u></u>	<u><u>165,722</u></u>

**6. TANGIBLE FIXED ASSETS**

	Fixtures, fittings and motor vehicles £
<b>Cost</b>	
1 January 1996	96,506
Additions	<u>18,011</u>
31 December 1996	<u><u>114,517</u></u>
<b>Depreciation</b>	
1 January 1996	35,602
Charge for the year	<u>15,977</u>
31 December 1996	<u><u>51,579</u></u>
<b>Net book value</b>	
31 December 1996	<u><u>62,938</u></u>
31 December 1995	<u><u>60,904</u></u>

Included in the above are motor vehicles held under hire purchase contracts with a net book value of £8,755 (1995 - £11,674) on which depreciation of £2,919 (1995 - £3,891) was charged in the year.

## NOTES TO THE ACCOUNTS

31 December 1996

## 7. INVESTMENTS IN ASSOCIATED COMPANIES

Cost	£
1 January 1996	6,918
Permanent diminution in value taken to profit and loss account	(437)
31 December 1996	<u>6,481</u>

Company	Country of incorporation	Activity	Holding	Effective holding
Trident Aviation Leasing Services (Jersey) Limited	Jersey	Aircraft leasing and trading	'A' ordinary shares 'B' ordinary shares	0% ) ) 49% 100% )
Trident Aviation (Holdings) Limited	Jersey	Aircraft leasing and trading	'A' ordinary shares 'B' ordinary shares	0% ) ) 49% 100% )
Hunting Aviation Finance Limited	Great Britain	Aircraft leasing and trading	'A' ordinary shares 'B' ordinary shares	0% ) ) 50% 100% )
Ibis Capital Limited	Great Britain	Aircraft leasing and financing	'A' ordinary 'B' ordinary	100% ) ) 50% 0% )
Trinity (Jersey) Holdings Limited	Jersey	Equipment leasing and trading	Ordinary	30%

Since the balance sheet date Hunting Aviation Finance Limited and Ibis Capital Limited were struck off the companies register on 4 March 1997 and 18 March 1997, respectively.

Under the equity method of accounting the attributable results for the year ended 31 December 1996 and net assets at the balance sheet date of associated companies (which amounts are not included in the Company's profit and loss account and balance sheet) were as follows:

	1996	1995
	£	£
Share of undistributed profit before tax	70,763	72,489
Share of tax	80,080	24,859
Share of undistributed profit after tax	(9,317)	47,630
Share of net assets	59,040	65,638

## NOTES TO THE ACCOUNTS

31 December 1996

## 8. ACT RECOVERABLE

	1996	1995
	£	£
Amounts recoverable within one year	25,000	-
Amounts recoverable after one year	-	25,000

## 9. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996	1995
	£	£
Trade creditors	24,226	72,667
Corporation tax	138,084	167,232
Other creditors including taxation and social security	20,611	16,044
Accruals	219,409	182,772
Amount owed to fellow subsidiary company	9,883	13,511
ACT payable	-	25,000
Interim dividend proposed	-	500,000
	<u>412,213</u>	<u>977,226</u>

The amount owed to fellow subsidiary company was in respect of hire purchase contracts.

## 10. CALLED UP SHARE CAPITAL

	1996	1995
Authorised	£	£
20,000 'A' ordinary shares of £1 each	20,000	20,000
60,000 'B' ordinary shares of £1 each	60,000	60,000
20,000 'C' ordinary shares of £1 each	20,000	20,000
	<u>100,000</u>	<u>100,000</u>
 Allocated and fully paid		
2,000 'A' ordinary shares of £1 each	2,000	2,000
6,000 'B' ordinary shares of £1 each	6,000	6,000
2,000 'C' ordinary shares of £1 each	2,000	2,000
	<u>10,000</u>	<u>10,000</u>

The A, B and C class shares have equal voting rights and rank pari passu in respect of entitlement to dividends.

# NOTES TO THE ACCOUNTS

## 31 December 1996

### 11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996	1995
	£	£
Profit for the financial year	218,228	304,678
Dividends	-	(500,000)
Net addition / (reduction) to shareholders' funds	218,228	(195,322)
Shareholders' funds at 31 December, 1995	435,780	631,102
Shareholders' funds at 31 December, 1996	654,008	435,780

### 12. RELATED PARTY TRANSACTIONS

The following companies are considered by the Directors to be related parties for the purposes of Financial Reporting Standard 8.

Company	Reason
Dresdner Kleinwort Benson (North America)	By virtue of being a fellow subsidiary company of the Dresdner Bank AG Group.
Kleinwort Benson (Jersey) Limited	By virtue of being a fellow subsidiary company of the Dresdner Bank AG Group.
Trident Aviation Leasing Services (Jersey) Limited and subsidiary companies	By virtue of Airstream International Group Limited's 49% shareholding in the company.
Trident Aviation (Holdings) Limited and subsidiary companies	By virtue of Airstream International Group Limited's 49% shareholding in the company.
Trinity (Holdings) Limited and subsidiary companies	By virtue of Airstream International Group Limited's 30% shareholding in the company.



**NOTES TO THE ACCOUNTS**  
**31 December 1996**

**12. RELATED PARTY TRANSACTIONS / Cont...**

Details of transactions with other related parties during the year are as follows:

Company	Transaction	(Income)/Expense £
Dresdner Kleinwort Benson (North America)	Provision of advisory services and expenses	(25,339)
Kleinwort Benson (Jersey) Limited	Interest income on cash deposits	(32,392)
Trident Aviation Leasing Services (Jersey) Limited and subsidiary companies	Provision of accounting, administration fees and expenses Dividend received	(852,387) (22,149)
Trident Aviation (Holdings) Limited and subsidiary companies	Provision of accounting, administration fees and expenses Dividend received	(603,954) (18,975)
Trinity (Holdings) Limited and subsidiary companies	Provision of accounting, administration fees and expenses Dividend received	(13,512) (145,886)

The balances payable to/(receivable from) related parties at the balance sheet date were as follows:

Company	£
Dresdner Kleinwort Benson (North America)	(18,994)
Kleinwort Benson (Jersey) Limited Cash at bank and in hand	(591,425)
Trident Aviation Leasing Services (Jersey) Limited and subsidiary companies	(17,692)
Trident Aviation (Holdings) Limited and subsidiary companies	(41,486)

**NOTES TO THE ACCOUNTS**

**31 December 1996**

**13. COMMITMENTS**

The Company entered into a five year property lease agreement on 18 August 1996. Property rentals are charged quarterly in advance at £28,000 subsequent to an initial three month rent free period.

Subsequent to the balance sheet date part of the premises have been sub leased to a third party. The expiry of this sub lease falls on the same dates as the Company's head lease agreement. Sub lease rentals are charged to the third party quarterly in advance at £6,250.

**14. ULTIMATE PARENT COMPANY & ULTIMATE CONTROLLING PARTY**

The parent undertaking of which as the Company is a member and for which Group Accounts are prepared Kleinwort Benson PLC a company incorporated in Great Britain. The ultimate parent undertaking and controlling party is Dresdner Bank AG, a company incorporated in Germany. Copies of the Financial Statements of both parents are available from Companies House.