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Company Registration No. 03002772

REDHILL AERODROME PROPERTIES LIMITED

Abbreviated Accounts

For the period ended 31 December 1995

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AUDITORS' REPORT TO THE DIRECTORS OF REDHILL AERODROME PROPERTIES LIMITED PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 5 together with the financial statements of Redhill Aerodrome Properties Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1995.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the director's statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the period from 19 December 1994 to 31 December 1995, and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that Schedule.

Other Information

On 23 May 1996 we reported, as auditors of Redhill Aerodrome Properties Limited, to the members on the full financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1995 and our audit report was as follows:

"We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 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.



**AUDITORS' REPORT TO THE DIRECTORS OF REDHILL AERODROME LIMITED
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985
(CONTINUED)**

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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies."

The statement of directors' responsibilities referred to in our audit report on the full financial statements, reproduced above, was as follows:

"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 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 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 financial statements 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."

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and
Registered Auditors

23 May 1996



REDHILL AERODROME PROPERTIES LIMITED

BALANCE SHEET
31 December 1995

	Note	1995 £
FIXED ASSETS		
Tangible assets	2	4,237,848
CURRENT ASSETS		
Debtors		343,757
CREDITORS: amounts falling due within one year		(307,504)
NET CURRENT ASSETS		36,253
TOTAL ASSETS LESS CURRENT LIABILITIES		4,274,101
CREDITORS: amounts falling due after more than one year		(3,962,941)
PROVISIONS FOR LIABILITIES AND CHARGES		(75,582)
		235,578
CAPITAL AND RESERVES		
Called up share capital	3	1
Profit and loss account	4	235,577
		235,578

Advantage is taken of the exemptions conferred by Section A of Part III of Schedule 8 of the Companies Act 1985 with respect to the delivery of individual accounts. In the opinion of the directors, the company is entitled to those exemptions on the grounds that it has met the qualifications for a small company specified in Sections 246 and 247 of the Companies Act 1985.

These financial statements were approved by the Board of Directors on 24 April 1996 and signed on its behalf.

A A C GODSAL - Director

P J HALL - Secretary



REDHILL AERODROME PROPERTIES LIMITED

NOTES TO THE ACCOUNTS Period ended 31 December 1995

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is not provided on freehold land or on assets held as investment properties. On other assets, depreciation is provided on the valuation or cost in equal annual instalments over the estimated lives of the assets as follows:

Freehold buildings	2% per annum
Fixtures & fittings	20% per annum

Investment properties

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.



REDHILL AERODROME PROPERTIES LIMITED

NOTES TO THE ACCOUNTS Period ended 31 December 1995

2. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures & fittings £	Total £
Cost or valuation:			
Transfers from fellow subsidiary undertaking	4,100,000	1,651	4,101,651
Additions	177,362	-	177,362
At 31 December 1995	4,277,362	1,651	4,279,013
Accumulated depreciation:			
Charge for the year	41,000	165	41,165
At 31 December 1995	41,000	165	41,165
Net book value:			
At 31 December 1995	4,236,362	1,486	4,237,848

3. CALLED UP SHARE CAPITAL

	1995 £
Authorised:	
1,000 ordinary shares of £1 each	1,000
Allotted and fully paid:	
1 ordinary shares of £1 each	1

During the period 1 ordinary share of £1 was issued to fund the working capital of the company.

4. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

The movements in reserves in the period ended 31 December 1995 were as follows:

	Share capital £	Profit and loss account £	Total 1995 £
Profit for the financial period	-	235,577	235,577
Share capital issued	1	-	1
Balance at 31 December 1995	1	235,577	235,578

5. ULTIMATE PARENT COMPANY

In the opinion of the directors, the company's ultimate parent company is Redhill Aerodrome Ventures Limited, a company registered in England and Wales. Copies of the ultimate parent company's accounts can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.