

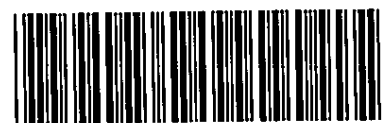
Company Registration Number 03490323

**AVIATION TRAINING INTERNATIONAL
LIMITED**

Report and Financial Statements

31 December 2009

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AVIATION TRAINING INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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AVIATION TRAINING INTERNATIONAL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

John M M Ponsonby (WHL) - Chairman
Richard K Smith (WHL)
Sarah L Cook (WHL)
Torbjorn B Sjogren (Boeing)
Mark McGraw (Boeing)
James T Higgins (Boeing)

SECRETARY

Battens Secretarial Services Limited

REGISTERED OFFICE

Coldharbour Business Park
Sherborne
Dorset
DT9 4JW

AUDITORS

Deloitte LLP
Bristol

AVIATION TRAINING INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

PRINCIPAL ACTIVITY

The principal activity of the company is to provide the British Army with training for helicopter aircrew, groundcrew and maintenance personnel

BUSINESS REVIEW

All three training centres have continued to provide contracted training services to the Ministry of Defence (MoD) throughout the year, with high levels of course pass rates and customer satisfaction

During 2009 significant progress was made on a number of previously contracted changes aimed at upgrading the Apache training system to reflect Apache aircraft capability enhancements. These highly complex technical upgrades have been incorporated on two of the three main training simulators. Incorporation into the final simulator, plus some minor software improvements on the first two simulators, are scheduled for completion in 2010. Upgrades have also been made to elements of the maintenance training equipment and the multi-purpose display trainers to maintain coherence with the aircraft platform.

Operating profit for the year was in line with the Operating Plan at £21,764,000 (2008: £25,195,000) and the cash from operations was £40,175,000 (2008: £33,388,000).

GOING CONCERN

The directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Cash Flow Risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The company uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Credit Risk

The company's principal financial assets are bank balances, cash and trade receivables.

The credit risk on liquid funds is limited. The counterparties are substantial UK and Ireland based banks. Although the economic environment is more challenging for such banks than it has been in the past, the directors do not have any reason to believe, at the time of approving these financial statements, that the company's funds are not secure.

The company has no significant credit risk, with its main customer being the MoD.

Operational Risks

We are anticipating that there will be a Strategic Defence Review during 2010. This, coupled with a variety of MoD initiatives and current financial pressures being experienced by the MoD, creates uncertainty around long term future potential growth opportunities. We continue to work closely with the MoD customer through a joint steering group to gain early visibility of any potential issues for the Apache Helicopter Training Service, and to work jointly to mitigate any impact on either customer requirements or ATIL's commercial position.

AVIATION TRAINING INTERNATIONAL LIMITED

DIRECTORS' REPORT (continued)

RESULTS

The profit and loss account of the company for the year shows a profit after interest and taxation of £8,980,000 (2008 £11,904,000)

DIVIDENDS

The company paid a dividend during the year ended 31 December 2009 of £9,000,000 (2008 £9,000,000)

CHARITABLE DONATIONS

The company made charitable donations during the year of £7,223 (2008 £9,358)

DIRECTORS

The directors at 31 December 2009 hold no interest in the company The directors who served during the year were as follows

John M M Ponsonby (WHL) - Chairman
Richard K Smith (WHL)
Christopher J P Haynes (WHL) – (resigned 28 February 2009)
Sarah L Cook (WHL) – (appointed 1 March 2009)
Torbjorn B Sjogren (Boeing)
Philip Schwab (Boeing) – (resigned 19 June 2009)
James T Higgins (Boeing)
Mark McGraw (Boeing) – (appointed 19 June 2009)


AUDITORS

Each of the directors of the company holding office at the date of approval of this report confirm that

- 1 so far as each of the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- 2 so far as each of the directors are aware they have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and shall be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Approved by the Board of Directors
and signed on behalf of the Board on 11 February 2010


James T Higgins
Director

AVIATION TRAINING INTERNATIONAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVIATION TRAINING INTERNATIONAL LIMITED

We have audited the financial statements of Aviation Training International Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

David Hedditch

David Hedditch (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Bristol, United Kingdom

11 February 2010

AVIATION TRAINING INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2009

	Note	2009 £'000	2008 £'000
TURNOVER	2	55,289	56,224
Cost of sales		(29,048)	(26,291)
GROSS PROFIT		26,241	29,933
Administrative expenses		(4,405)	(4,892)
Other operating (expenses)/income		(72)	154
OPERATING PROFIT	3	21,764	25,195
Interest receivable		489	2,245
Interest payable and similar charges	5	(8,248)	(10,703)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		14,005	16,737
Tax on profit on ordinary activities	6	(5,025)	(4,833)
PROFIT FOR THE YEAR	16	8,980	11,904

All of the results above relate to continuing operations

There were no recognised gains and losses for the year other than those in the profit and loss account above, and accordingly no separate statement of total recognised gains and losses is presented

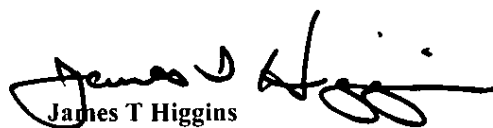
AVIATION TRAINING INTERNATIONAL LIMITED

BALANCE SHEET At 31 December 2009

	Notes	2009		2008	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	8		110,269		126,864
CURRENT ASSETS					
Stocks	9	2,062		2,293	
Debtors	10	12,459		13,649	
Cash at bank and in hand		31,146		32,306	
		45,667		48,248	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(38,402)		(34,286)	
NET CURRENT ASSETS			7,265		13,962
TOTAL ASSETS LESS CURRENT LIABILITIES			117,534		140,826
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12		(74,152)		(95,134)
PROVISIONS FOR LIABILITIES	13		(20,987)		(23,277)
NET ASSETS			22,395		22,415
CAPITAL AND RESERVES					
Called up share capital	14		550		550
Profit and loss account	15		21,845		21,865
SHAREHOLDERS' FUNDS	16		22,395		22,415

The financial statements of Aviation Training International Limited, registered number 03490323, were approved by the Board of Directors on 11 February 2010

Signed on behalf of the Board of Directors on 11 February 2010


James T Higgins
Director

AVIATION TRAINING INTERNATIONAL LIMITED

CASH FLOW STATEMENT **Year ended 31 December 2009**

	Notes	2009		2008	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	17		40,175		33,388
Returns on investment and servicing of finance					
Interest received		498		2,323	
Interest paid		(8,071)		(10,525)	
Net cash outflow from return on investments and servicing of finance			(7,573)		(8,202)
Taxation					
UK corporation tax paid			(6,031)		(2,764)
Capital expenditure					
Payments to acquire tangible fixed assets			(1,650)		(7,277)
Contributions to acquire fixed assets			3,650		3,150
Equity dividends paid			(9,000)		(9,000)
Net cash inflow before financing			19,571		9,295
Financing					
Repayments of long term borrowing			(20,731)		(17,899)
Decrease in cash in the year	19		(1,160)		(8,604)

AVIATION TRAINING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, which have been applied consistently throughout the year

Going concern

The directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover and profit for training courses are recognised evenly over the length of each course, while turnover and profit on other contracted services are recognised in accordance with the contract milestones

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment

Interest payable and fees incurred in relation to the production of tangible assets are capitalised on an asset by asset basis using the applicable rate of interest charged on the related debt

Interest is capitalised on each asset up until each asset is ready for its intended use and is capable of generating revenues

Depreciation is provided on all tangible fixed assets, except assets in the course of construction, at rates calculated to write off their cost, less their estimated residual value, over their expected useful lives as follows

Short leasehold buildings and improvements	between 10 and 18 years or the period of the lease if shorter
Simulators and training equipment	between 3 and 18 years, unless usage is guaranteed under contract in which case depreciation is provided to mirror the economic benefit guaranteed under the contract
Office equipment and systems and other	between 3 and 18 years

Contributions towards fixed assets

Contributions received relating to plant and equipment are treated as deferred income and released to the profit and loss account over the useful lives of the assets concerned

AVIATION TRAINING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or, if appropriate, at the forward contract rate. Monetary assets and liabilities denominated at foreign currencies at the balance sheet date are reported at the rates of exchange ruling at that date or, if appropriate, the forward contract rate.

Where the company has ringfenced specific amounts of its foreign currency cash to settle future liabilities denominated in those foreign currencies, the gain or loss on translation of that cash at year end is deferred, and released to the profit and loss account as the related liabilities are settled.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Debt

Debt is initially stated at the amount of net proceeds after deduction of issue costs. The carrying amount is increased by the finance costs in respect of the accounting period and reduced by payments made in the period.

AVIATION TRAINING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

1. ACCOUNTING POLICIES (continued)

Finance costs

Finance costs of debt are recognised over the term of such instruments at a constant rate on the carrying amount

Pension costs

The company participates in the externally funded defined benefit Westland Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year.

2. TURNOVER

The turnover was derived from the company's principal activity which was carried out wholly in the United Kingdom.

3. OPERATING PROFIT

	2009 £'000	2008 £'000
The operating profit is stated after charging/(crediting)		
Depreciation on owned assets	18,299	14,692
Operating lease rentals - other	156	154
Foreign exchange loss/(gain)	72	(154)
Loss on disposal of fixed assets	11	-
Auditors' remuneration		
- audit	27	25
- non-audit services		
- other services related to taxation	7	11

AVIATION TRAINING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

4. STAFF COSTS

The average number of staff employed by the company during the year (excluding directors) was as follows

	2009 No.	2008 No.
On-site staff	105	96
Administration - Headquarters	29	26
	<u>134</u>	<u>122</u>
Their aggregate remuneration comprised	£'000	£'000
Wages and salaries	4,979	4,961
Social security costs	503	499
Other pension costs	1,000	1,004
	<u>6,482</u>	<u>6,464</u>

The directors received no remuneration from the company during the year (2008: £nil). The directors received their remuneration from Joint Venture partners as shown on page 1. It is not practicable to allocate remuneration between services to this company and other related companies of the Joint Venture partner.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £'000	2008 £'000
Bank loans	6,031	7,129
Shareholder loans	2,040	3,397
Amortisation of loan issue costs	177	177
	<u>8,248</u>	<u>10,703</u>

AVIATION TRAINING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

6. TAX ON PROFIT ON ORDINARY ACTIVITIES	2009 £'000	2008 £'000
Current tax		
UK Corporation tax charge	7,315	4,806
Deferred tax		
Origination and reversal of timing differences	(2,811)	11
Adjustment in respect of prior years	521	16
Total deferred tax	(2,290)	27
Total tax on profit on ordinary activities	5,025	4,833

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2008 28.5%)
The actual tax assessed for the year differs from the standard rate for the reasons set out in the following reconciliation

	£'000	£'000
Profit on ordinary activities before tax	14,005	16,737
	£'000	£'000
Tax at 28% (2008 28.5%) thereon	3,921	4,770
Expenses not deductible for tax purposes	718	46
Income not taxable for tax purposes	(100)	-
Difference between capital allowances and depreciation	2,839	1,854
Movement in short term timing differences	(28)	12
Utilisation of tax losses	-	(1,876)
Adjustments to tax charge in respect of prior years	(35)	-
Total actual amount of current tax	7,315	4,806

The prior year tax rate of 28.5% is a blended rate of 30% from 1 January 2008 to 5 April 2008 and 28% from 6 April 2008 to 31 December 2008

AVIATION TRAINING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

7.	DIVIDENDS	2009 £'000	2008 £'000		
	Dividends paid on equity shares of £9,000,000 (2008 £9,000,000) £16 36 per share	9,000	9,000		
8	TANGIBLE FIXED ASSETS				
	Assets in the course of construction £'000	Short leasehold buildings and improvements £'000	Simulators and training equipment £'000	Office equipment, systems and other £'000	Total £'000
Cost					
At 1 January 2009	12,720	28,379	190,484	5,455	237,038
Additions	1,254	-	308	153	1,715
Disposals	-	(11)	-	(99)	(110)
Transfers	(10,789)	-	10,789	-	-
At 31 December 2009	3,185	28,368	201,581	5,509	238,643
Accumulated depreciation					
At 1 January 2009	-	13,250	92,490	4,434	110,174
Charge for the year	-	2,125	15,684	490	18,299
Disposals	-	(10)	-	(89)	(99)
At 31 December 2009	-	15,365	108,174	4,835	128,374
Net book value					
At 31 December 2009	3,185	13,003	93,407	674	110,269
At 31 December 2008	12,720	15,129	97,994	1,021	126,864

During the year the directors considered the depreciation policies and concluded that the policies should be brought into line with the economic benefit generated from the assets. For simulators and other key pieces of equipment, depreciation is now recognised in accordance with the profile of minimum guaranteed revenues. This change in estimation resulted in an increased depreciation charge of £3.01m in the current year.

Contributions towards the construction of assets amount to £8.65m (2008 £4.7m) and are included within deferred income. The income will be released to the profit and loss account in line with the depreciation charged on the assets. £357,000 has been released in the year (2008 nil).

Included in cost above are interest and fees capitalised in prior periods as follows:

	2009 £'000	2008 £'000
Interest and fees		
Short leasehold buildings and improvements	3,094	3,094
Simulators and training equipment	21,722	21,722
Office equipment and systems	642	642
	25,458	25,458

AVIATION TRAINING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

9. STOCKS	2009	2008
	£'000	£'000
Consumables	2,062	2,293
When assessing net realisable value of stock items, the remaining duration of the existing contract with the company's main customer has been considered		
10. DEBTORS	2009	2008
	£'000	£'000
Due within one year		
Trade debtors	8,087	4,216
Prepayments and accrued income	4,372	9,433
	12,459	13,649
11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2009	2008
	£'000	£'000
Bank loans	16,980	16,980
Other loans	4,004	3,576
Trade creditors	570	583
Corporation tax	3,779	2,494
Other creditors including taxation and social security	1,430	1,478
Accruals and deferred income	11,639	9,175
	38,402	34,286
12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2009	2008
	£'000	£'000
Bank loans	55,968	72,945
Other loans	18,184	22,189
	74,152	95,134
The loans, excluding amounts due within one year, are repayable as follows		
	£'000	£'000
Amounts falling due		
- between one and two years	20,106	21,160
- between two and five years	54,753	58,015
- after more than five years	-	16,843
	74,859	96,018
Less issue costs to be recognised over the term of the loan	(707)	(884)
	74,152	95,134

AVIATION TRAINING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

The bank loans, excluding amounts due within one year, are repayable as follows	2009	2008
	£'000	£'000
Amounts falling due		
- between one and two years	15,624	17,156
- between two and five years	41,051	42,887
- after more than five years	-	13,786
	<hr/>	<hr/>
	56,675	73,829
Less issue costs to be recognised over the term of the loan	(707)	(884)
	<hr/>	<hr/>
	55,968	72,945
	<hr/>	<hr/>

The shareholder loans, excluding amounts due within one year, are repayable as follows

	£'000	£'000
Amounts falling due		
- between one and two years	4,482	4,004
- between two and five years	13,702	15,128
- after more than five years	-	3,057
	<hr/>	<hr/>
	18,184	22,189
	<hr/>	<hr/>

The bank loans outstanding are secured by a first fixed charge over all the assets of the company, assignment of insurance policies and projected contracts and first fixed and floating charges over bank accounts. These debts are due to be repaid by 10 consecutive semi-annual repayments payable on and from June 2010 until December 2014. The interest rates applicable to the bank loan outstanding is LIBOR plus a variable margin of between 0.75% and 1.00%. An additional Mandatory Liquid Assets cost is applied to all outstanding debts.

The shareholder loans are unsecured, and are due to be repaid by semi-annual repayments payable until December 2014, and bear interest at LIBOR plus 6.0%.

13. PROVISIONS FOR LIABILITIES

Deferred taxation	£'000
At 1 January 2009	23,277
Deferred tax movement	(2,290)
	<hr/>
At 31 December 2009	20,987
	<hr/>

The liability for deferred taxation is analysed as follows	2009	2008
	£'000	£'000
Accelerated capital allowances	20,987	23,305
Tax losses available	-	(28)
	<hr/>	<hr/>
	20,987	23,277
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AVIATION TRAINING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

14. SHARE CAPITAL	2009	2008
	£'000	£'000
Authorised, allotted, called up and fully paid		
275,000 Ordinary class 'A' shares of £1 each	275	275
275,000 Ordinary class 'B' shares of £1 each	275	275
	<u>550</u>	<u>550</u>
Class 'A' and Class 'B' shares carry the same rights All shares were allotted at nominal value		
15. PROFIT AND LOSS ACCOUNT	2009	2008
	£'000	£'000
At beginning of the year	21,865	18,961
Profit for the year	8,980	11,904
Dividends paid	(9,000)	(9,000)
At end of the year	<u>21,845</u>	<u>21,865</u>
16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2009	2008
	£'000	£'000
Opening shareholders' funds	22,415	19,511
Profit for the financial year	8,980	11,904
Dividends paid on equity shares	(9,000)	(9,000)
Closing shareholders' funds	<u>22,395</u>	<u>22,415</u>
17. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2009	2008
	£'000	£'000
Operating profit	21,764	25,195
Depreciation	18,299	14,692
Loss on disposal of assets	11	-
(Decrease)/increase in debtors	1,530	(5,319)
Decrease in stocks	231	548
Decrease in creditors	(1,660)	(1,728)
Net cash inflow from operating activities	<u>40,175</u>	<u>33,388</u>

AVIATION TRAINING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

18. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2009 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 December 2009 £'000
Cash at bank and in hand	32,306	(1,160)	-	31,146
Debt due after one year	(95,134)	-	20,982	(74,152)
Debt due within one year	(20,556)	20,731	(21,159)	(20,984)
	<u>(83,384)</u>	<u>19,571</u>	<u>(177)</u>	<u>(63,990)</u>

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2009 £'000	2008 £'000
Net debt at beginning of year	(83,384)	(92,502)
Decrease in cash in the year	(1,160)	(8,604)
Repayments of long-term borrowing	20,731	17,899
Amortisation of loan issue costs	(177)	(177)
Net debt at end of year	<u>(63,990)</u>	<u>(83,384)</u>

20. FINANCIAL COMMITMENTS

	2009 £'000	2008 £'000
At year end the company had capital commitments as follows		
Contracted for but not provided for	<u>612</u>	<u>1,655</u>

Annual commitments under non-cancellable operating leases are as follows

	2009		2008	
	Buildings £'000	Others £'000	Buildings £'000	Others £'000
Expiry date				
Within one year	-	26	-	5
Between one and five years	-	42	-	66
After five years	<u>77</u>	<u>-</u>	<u>77</u>	<u>-</u>
	<u>77</u>	<u>68</u>	<u>77</u>	<u>71</u>

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20. FINANCIAL COMMITMENTS (continued)

Other commitments

The company is committed under forward foreign exchange contracts to the purchase of foreign currency to the value of £1,429,000 (2008 £2,966,000). The fair value of these forward exchange contracts at 31 December 2009 was an asset of £190,000 (2008 an asset of £843,000).

The company also had two interest rate swaps for its bank loans. The fair value of these interest rate swaps at 31 December 2009 was a liability of £6,069,000 (2008 a liability of £8,127,000).

21. PENSIONS

The company participates, together with other AgustaWestland UK companies, in the Westland Pension Scheme, a defined benefit pension arrangement. The company's pension contribution is based on pension costs assessed under the Scheme membership as a whole determined in accordance with advice from professionally qualified actuaries. The company is unable to identify its share of the underlying assets and liabilities of the Scheme and accordingly accounts for the Scheme as if it were a defined contribution arrangement.

Professionally qualified actuaries have prepared a disclosure of the valuation position under accounting standard IAS 19 for the financial year ended on 31 December 2009 which is included in the accounts of Westland Helicopters Limited. The aggregate market value of assets at the assessment date was £583 million and the deficit on the scheme was £183.5 million.

Contributions to the scheme by the company for the period were £899,000 (2008 £948,000). The level of Scheme funding continues to be kept under review by employers' representatives and the Scheme trustees and further increases will be considered as necessary.

Contributions in to defined contribution pension schemes amounted to £101,000 (2008 £56,000). There were no contributions outstanding at year end (2008 £nil).

22. RELATED PARTY TRANSACTIONS

During the year under review the company purchased £869,455 (2008 £2,345,778) excluding VAT of goods and services from Westland Helicopters Limited. The company also purchased US\$6,835,263 (£3,130,537) (2008 US\$13,817,557 (£7,344,131)) of goods and services from The Boeing Company. At 31 December 2009 the company owed Westland Helicopters Limited £14,645 (2008 £107,868) and The Boeing Company US\$936,228 (£497,084) (2008 US\$nil (£nil)).

During the year under review the company sold £60,215 (2008 £110,989) excluding VAT of goods and services to Westland Helicopters Limited. The company also sold \$nil (£nil) (2008 \$60,479 (£40,194)) goods and services to The Boeing Company. At 31 December 2009 Westland Helicopters Limited owed the company £nil and The Boeing Company owed the company \$nil (£71,063 (£47,228)).

The company has equal loan balances due to Westland Helicopters Limited and The Boeing Company. The aggregate amount is analysed in note 12.

23. CONTROLLING PARTIES

The company is jointly controlled by Westland Helicopters Limited and The Boeing Company by virtue of each having ownership of 50% of the issued ordinary share capital in the company.