

Registered number  
4193115

# AIRTANKER LIMITED

## Report and Accounts

31 December 2003



## AIRTANKER LIMITED

### Directors' Report

The directors present their report and accounts for the year ended 31 December 2003.

#### Principal activities

The company's principal activity during the period were the preparation of a bid for the Ministry of Defence Strategic Tanker Aircraft PFI Project.

#### Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

		£1 Ordinary shares	
		2003	2002
As at the year-end the Directors were:			
G.F. Page Chairman	(Appointed 18/06/03)	-	-
P.S. Turner	(Appointed 10/09/03)	-	-
F. Fernandez-Sainz		-	-
K. Cohen	(Appointed 23/10/03)	-	-
B.J-P. Rocquemont	(Appointed 01/01/03)	-	-
Sir Michael Graydon		-	-
R. Southwell	(Appointed 12/02/03)	-	-
R.J. Huckle		-	-
A.E. Cook (Alternate)		-	-
V. de la Vela (Alternate)	(Appointed 24/04/03)	-	-
J. Copley (Alternate)	(Appointed 01/01/03)	-	-
Changes during the year			
A.J. Stevens	(Resigned 23/10/03)	-	-
G.E. Roe	(Resigned 18/06/03)	-	-
A.G. Irwin	(App. 18/06/03 Res. 10/09/03)	-	-
Changes since the year-end			
P.S. Turner	(Resigned 11/02/04)		
R.E. McIntyre	(Appointed 11/02/04)		
B.J-P. Rocquemont	(Resigned 03/03/04)		
J. Copley (Alternate)	(Resigned 01/02/04)		
G. Delevacque	(Appointed 03/03/04)		
J. Barratt (Alternate)	(Appointed 03/03/04)		

#### Directors' responsibilities

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 the 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; 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 maintaining 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.

**AIRTANKER LIMITED**  
**Directors' Report**

**Auditors**

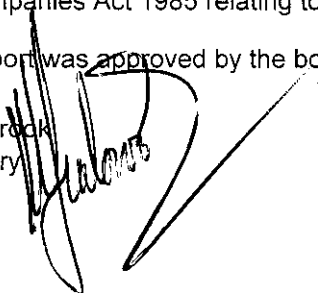
A resolution to reappoint Robinson & Co as auditors will be put to the member at the Annual General Meeting.

**Small company special provisions**

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 15 July 2004.

M. Seabrook  
Secretary



## **AIRTANKER LIMITED**

### **Independent auditors' report to the shareholder of AIRTANKER LIMITED**

We have audited the accounts of Airtanker Limited for the year ended 31 December 2003 which comprise pages 4 to 8. These accounts have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if 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 transactions with the company 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 United Kingdom 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.

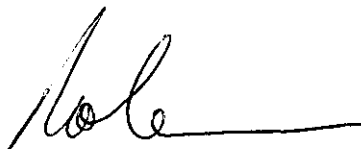
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. 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 the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Robinson & Co  
Registered auditors

8 The Courtyard  
Woodlands  
Bradley Stoke  
Bristol  
BS32 4NQ



26 July 2004

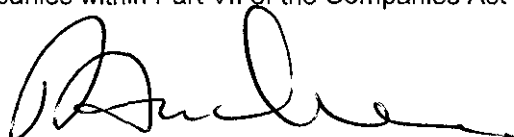
**AIRTANKER LIMITED**  
**Profit and Loss Account**  
**for the year ended 31 December 2003**

	<b>Notes</b>	<b>2003 £</b>	<b>2002 £</b>
Administrative expenses		(3,856,715)	(3,111,688)
<b>Operating loss</b>	<b>2</b>	<b>(3,856,715)</b>	<b>(3,111,688)</b>
Interest receivable		3,015	1,211
<b>Loss on ordinary activities before taxation</b>		<b>(3,853,700)</b>	<b>(3,110,477)</b>
Tax on loss on ordinary activities		-	-
<b>Loss for the financial year</b>		<b>(3,853,700)</b>	<b>(3,110,477)</b>
<b>Retained loss for the financial year</b>	<b>7</b>	<b><u>(3,853,700)</u></b>	<b><u>(3,110,477)</u></b>

**AIRTANKER LIMITED**  
**Balance Sheet**  
**as at 31 December 2003**

	Notes	2003 £	2002 £
<b>Current assets</b>			
Debtors	4	452,114	96,452
Cash at bank and in hand		407,006	307,468
		859,120	403,920
<b>Creditors: amounts falling due within one year</b>	5	(670,856)	(347,780)
<b>Net current assets</b>		188,264	56,140
<b>Net assets</b>		<u>188,264</u>	<u>56,140</u>
<b>Capital and reserves</b>			
Called up share capital	6	1	1
Cost contributions - equalised		9,697,872	5,844,172
Cost contributions in advance		188,263	56,139
Profit and loss account	7	(9,697,872)	(5,844,172)
<b>Shareholder's funds</b>		<u>188,264</u>	<u>56,140</u>

The accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.



R. Huckle  
 Director

Approved by the board on 15 July 2004

**AIRTANKER LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2003**

**1 Accounting policies**

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**Turnover**

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax.

**Depreciation**

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Plant and machinery	50% or 100% straight line
Office Improvements	50% straight line

**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 translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

<b>2 Operating profit</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Depreciation of owned fixed assets	19,992	65,486
Auditors' remuneration	2,800	1,640
	<hr/>	<hr/>

**3 Tangible fixed assets**

	<b>Office Improvements</b>	<b>Plant and machinery</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 January 2003	33,010	87,029	120,039
Additions	-	19,992	19,992
At 31 December 2003	<hr/> 33,010	<hr/> 107,021	<hr/> 140,031
<b>Depreciation</b>			
At 1 January 2003	33,010	87,029	120,039
Charge for the year	-	19,992	19,992
At 31 December 2003	<hr/> 33,010	<hr/> 107,021	<hr/> 140,031
<b>Net book value</b>			
At 31 December 2003	<hr/> -	<hr/> -	<hr/> -

**AIRTANKER LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2003**

<b>4 Debtors</b>			<b>2003</b>	<b>2002</b>
			<b>£</b>	<b>£</b>
Amounts owed by group undertakings and undertakings in which the company has a participating interest			1	1
Other debtors			452,113	96,451
			<u>452,114</u>	<u>96,452</u>
<b>5 Creditors: amounts falling due within one year</b>			<b>2003</b>	<b>2002</b>
			<b>£</b>	<b>£</b>
Trade creditors			485,223	273,509
Due to former group shareholder			-	72,271
Other creditors			185,633	2,000
			<u>670,856</u>	<u>347,780</u>
<b>6 Share capital</b>			<b>2003</b>	<b>2002</b>
			<b>£</b>	<b>£</b>
Authorised:				
Ordinary shares of £1 each			<u>1000 million.</u>	<u>1000 million.</u>
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>No</b>	<b>No</b>	<b>£</b>	<b>£</b>
Allotted, called up and fully paid:				
Ordinary shares of £1 each	1	1	<u>1</u>	<u>1</u>
<b>7 Profit and loss account</b>			<b>2003</b>	<b>2002</b>
			<b>£</b>	<b>£</b>
At 1 January			(5,844,172)	(2,733,695)
Retained loss			(3,853,700)	(3,110,477)
At 31 December			<u>(9,697,872)</u>	<u>(5,844,172)</u>



**AIRTANKER LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 December 2003**

**8 Post balance sheet events**

On 26 January, the Secretary of State for Defence announced to the House of Commons that the Company would be the Preferred Bidder for the Strategic Tanker Aircraft PFI Project. On reaching this stage an additional Marketing fee of £140000 became payable.

**9 Related parties**

a) The four shareholders in the holding company have provided staff and cash contributions to finance the costs of the Company's operations on an agreed basis.

b) The following holding company shareholders either directly or through their subsidiaries have provided goods and services direct to the company during 2003.

Thales Defence Limited	£13077
Cobham Plc	£6833
EADS NV	£72883
Rolls Royce Plc	Provision of the Company's offices rent free.

A reduction in a charge during 2001 By Thales Defence Limited was agreed during the year, amounting to £43028.

c) During 2002 Rolls Royce Plc provided premises rent free.

**10 Controlling party**

The Company is a wholly owned subsidiary of Airtanker Holdings Limited, registered in England & Wales.