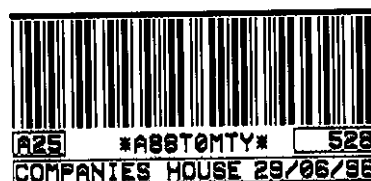


# **Airline Rotables Limited**

## **Directors' report and financial statements**

**31 December 1995**

Registered number 2497977



# Airline Rotables Limited

## Directors' report and financial statements

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# Airline Rotables Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

### Principal activities

Airline Rotables Limited ("ARL") is a specialist provider of aircraft component management and support services for Airbus A320 and Boeing 737 aircraft. ARL offers a completely flexible range of services from Total Support to individually tailored Management Support Services.

### Business review

1995 saw ARL take a major step in enhancing its growth potential by developing Component Management and Support Services for the Airbus A320 aircraft. The addition of A320 to its existing B737 capability means that ARL now offers its services to the two most popular narrow bodied aircraft in current production.

As the year progressed full support services for six A320 aircraft were added to the two launch aircraft and B737 customers grew from 13 aircraft at the end of 1994 to a peak of 22 in November 95.

The ARL concept has been seen to be gaining greater recognition and is becoming an accepted means of providing Component Support particularly for small new start operations.

ARL continues to develop new concepts to meet market requirements and is well placed to meet the challenges of 1996.

Agreements were concluded with new customers in Europe and SE Asia for both A320 and B737 aircraft. An existing customer has also increased its fleet size by two aircraft.

### Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend. The profit for the year retained in the company is US\$683,040.

### Significant changes in fixed assets

Changes in fixed assets are detailed in note 8 of the accounts.

# Airline Rotables Limited

## Directors' report

### Directors and directors' interests

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

Colonel PH Quek	(resigned 12 July 1995)
ET Evans	
D Erridge	
WM Teo	(resigned 12 July 1995)
KF Tang	(appointed 12 July 1995)
M Chua	(appointed 12 July 1995)
B Yeo	- alternate to WM Yeo

On 1 January 1996, Mr ET Evans, Mr KF Tang and Mr M Chua resigned as directors, Mr SF Boon, Mr SK Wee were appointed as directors, and Mr B Yeo was appointed a full director.

No director holding office at 31 December 1995 had any interest in the shares of the company at the beginning or end of the year.

### Auditors

On 26 June 1995 Price Waterhouse resigned as auditors and KPMG were appointed in their place. Pursuant to Section 386 of the Companies Act 1985 an elective resolution to dispense with the obligation to appoint auditors annually has been passed at an Annual General Meeting.

By order of the board

  
**D Erridge**  
Director

6002, Taylors End  
Stansted Airport  
Stansted  
Essex  
CM24 1RL

# Airline Rotables Limited

## 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 and of the profit or loss 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;
- state whether applicable 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 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



50 Rainsford Road  
Chelmsford  
Essex CM1 2QL

## Auditors' report to the members of Airline Rotables Limited

We have audited the financial statements on pages 5 to 19.

### *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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants  
Registered Auditors

14 March 1996

# Airline Rotables Limited

## Profit and loss account

for the year ended 31 December 1995

	Note	1995		1994	
		US\$	US\$	US\$	US\$
Turnover	2	8,764,048		4,489,877	
Cost of sales		(5,346,012)		(2,529,878)	
<b>Gross profit</b>		<b>3,418,036</b>		<b>1,959,999</b>	
Selling and distribution costs		(866,365)		(722,517)	
Administrative expenses		(1,286,572)		(870,517)	
		<b>(2,152,937)</b>		<b>(1,593,034)</b>	
<b>Operating profit</b>		<b>1,265,099</b>		<b>366,965</b>	
Interest receivable and similar income		26,063		18,329	
Interest payable and similar charges	6	(317,170)		(246,832)	
		<b>(291,107)</b>		<b>(228,503)</b>	
<b>Profit on ordinary activities before taxation</b>	3	<b>973,992</b>		<b>138,462</b>	
Tax on profit on ordinary activities	7	(290,952)		-	
<b>Profit on ordinary activities after taxation</b>		<b>683,040</b>		<b>138,462</b>	
Accumulated profits/(losses) brought forward		50,833		(87,629)	
<b>Accumulated profits carried forward</b>		<b>733,873</b>		<b>50,833</b>	

There were no acquisitions and no discontinued operations within the company. The company has no recognised gains and losses other than those reflected in the profit and loss account and accordingly, a separate statement of recognised gains and losses has not been prepared.

# Airline Rotables Limited

## Balance sheet at 31 December 1995

	Note	1995 US\$	US\$	1994 US\$	US\$
<b>Fixed assets</b>	8				
Tangible assets			7,565,272		5,695,586
<b>Current assets</b>					
Stocks		-		33,342	
Debtors	9	2,741,328		1,389,306	
Cash at bank		524,632		715,118	
		<u>3,265,960</u>		<u>2,137,766</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(9,167,784)</u>		<u>(7,135,444)</u>	
<b>Net current liabilities</b>			<u>(5,901,824)</u>		<u>(4,997,678)</u>
<b>Total assets less current liabilities</b>			1,663,448		697,908
<b>Provisions for liabilities and charges</b>	11		<u>(627,500)</u>		<u>(345,000)</u>
<b>Net assets</b>			<u>1,035,948</u>		<u>352,908</u>
<b>Capital and reserves</b>					
Called up share capital	12		302,075		302,075
Profit and loss account	13		733,873		50,833
<b>Shareholders' funds</b>	14		<u>1,035,948</u>		<u>352,908</u>

These financial statements were approved by the board of directors on 14 Mar 96 and were signed on its behalf by:

  
D Erridge  
Director



# Airline Rotables Limited

## Cash flow statement

for the year ended 31 December 1995

	Note	1995		1994	
		US\$	US\$	US\$	US\$
Net cash inflow from operating activities	16		3,097,727		1,841,948
<b>Returns on investments and servicing of finance</b>					
Interest received		26,063		18,329	
Interest paid		<u>(317,170)</u>		<u>(246,832)</u>	
Net cash outflow from returns on investment and servicing of finance			(291,107)		(228,503)
<b>Taxation</b>					
Net UK corporation tax recovered		<u>-</u>		<u>36,438</u>	
Tax recovered			-		36,438
<b>Investing activities</b>					
Payments to acquire tangible fixed assets		(3,019,130)		(1,365,984)	
Receipts from sales of tangible fixed assets		<u>47,024</u>		<u>60,467</u>	
Net cash outflow from investing activities			<u>(2,972,106)</u>		<u>(1,305,517)</u>
Net cash (outflow)/inflow before financing			(165,486)		344,366
<b>Financing</b>					
Repayment of loan		<u>(25,000)</u>		<u>(50,000)</u>	
Net cash outflow from financing	18		<u>(25,000)</u>		<u>(50,000)</u>
(Decrease)/increase in cash and cash equivalents	17		<u>(190,486)</u>		<u>294,366</u>

# Airline Rotables Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

#### *Fixed assets and depreciation*

Aircraft rotatable spares are acquired and held by the company for exchange with customers when a specific part in their aircraft requires repair. After exchange the company arranges for the necessary repairs to be carried out to the exchanged unit and then places it in its inventory in place of the original. The company thus holds for exchange a permanent inventory of specific spares and classifies this holding as a tangible fixed asset.

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Rotables	-	6.67%
Short-term leasehold improvements	-	Over the term of the lease
New motor vehicles	-	20%
Used motor vehicles	-	Over the time remaining until the vehicle is five years old
Fixtures and fittings	-	20%
Computer equipment	-	20%

#### *Foreign currencies*

The company, although incorporated in Great Britain, produces its financial statements in US dollars. The directors have adopted this currency in preparing the financial statements as the company operates in an international market where the US dollar is the currency in which most transactions are carried out.

Transactions in currencies other than US dollars are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US dollars are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

# Airline Rotables Limited

## Notes *(continued)*

### 1 Accounting policies *(continued)*

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

# Airline Rotables Limited

## Notes (continued)

### 2 Analysis of turnover and profit on ordinary activities before taxation

	1995 US\$ Turnover	1994 US\$ Turnover
<i>By geographical market</i>		
India	2,425,129	1,980,051
Singapore	500,002	1,152,662
Europe other than United Kingdom	4,409,122	692,597
United Kingdom	1,300,837	551,764
Africa	-	69,091
Other	128,958	43,712
	<hr/> 8,764,048	<hr/> 4,489,877

The turnover and pre-tax profit are attributable mainly to the support of spares and components for aircraft operators.

### 3 Profit on ordinary activities before taxation

	1995 US\$	1994 US\$
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration		
Audit	21,161	27,556
Other services	15,010	5,214
Depreciation and other amounts written off tangible fixed assets:	920,084	615,360
Exchange losses	11,396	-
Hire of plant and machinery - rentals payable under operating leases	378,794	78,536
Hire of other assets - operating leases	80,720	61,980
	<hr/>	<hr/>

The total amount charged to revenue for the hire of plant and machinery amounted to US\$428,794 (1994: US\$78,536). This comprises rentals payable under operating leases.

There is no material difference between the reported profit on ordinary activities before taxation and historical profits before taxation.

# Airline Rotables Limited

## Notes (continued)

### 4 Remuneration of directors

	1995 US\$	1994 US\$
Directors' emoluments:		
As directors	-	-
Remuneration as executives	<u>227,420</u>	<u>211,568</u>

The emoluments, excluding pension contributions, of the chairman were US\$Nil (1994: US\$ Nil) and those of the highest paid director were US\$115,115 (1994: US\$ 87,112).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid directors) were within the following ranges:

	Number of directors	
	1995	1994
\$0 - \$7,763 (£0 - £5,000)	5	3
\$7,799 - \$15,596 (£5,001 - £10,000)	-	1
\$38,991 - \$46,787 (£25,001 - £30,000)	-	1
\$70,182 - \$77,979 (£45,001 - £50,000)	1	1
\$85,778 - \$93,575 (£55,001 - £60,000)	-	1
\$108,683 - \$116,445 (£70,001 - £75,000)	1	-

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1995	1994
Sales and distribution	19	14
Administration	<u>6</u>	<u>5</u>
	<u>25</u>	<u>19</u>

# Airline Rotables Limited

## Notes *(continued)*

### 5 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	1995 US\$	1994 US\$
Wages and salaries	670,189	671,889
Social security costs	67,721	55,718
Other pension costs	33,931	29,579
	<u>771,841</u>	<u>757,186</u>

### 6 Interest payable and similar charges

	1995 US\$	1994 US\$
On bank loans, overdrafts and other loans wholly repayable within five years	317,170	246,832
	<u>317,170</u>	<u>246,832</u>

# Airline Rotables Limited

## Notes (continued)

### 7 Taxation

	1995 US\$	1994 US\$
UK corporation tax at 33% (1994: 33%) on the profit for the year on ordinary activities	8,452	-
Deferred taxation (note 11)	282,500	-
	<u>290,952</u>	<u>-</u>

The corporation tax liability for both 1994 and 1995 has been reduced through the utilisation of brought forward trading losses retained in the company.

### 8 Tangible fixed assets

	Aircraft rotable spares US\$	Short-term leasehold improvements US\$	Motor vehicles US\$	Fixtures and fittings and office equipment US\$	Total US\$
<i>Cost</i>					
At beginning of year	6,816,797	94,286	81,763	150,838	7,143,684
Additions	2,887,698	-	18,896	112,536	3,019,130
Disposals	(269,315)	-	-	-	(269,315)
	<u>9,435,180</u>	<u>94,286</u>	<u>100,659</u>	<u>263,374</u>	<u>9,893,499</u>
<i>Depreciation and diminution in value</i>					
At beginning of year	1,325,136	11,052	36,544	75,366	1,448,098
Charge for year	815,512	7,065	39,399	58,108	920,084
On disposals	(39,955)	-	-	-	(39,955)
	<u>2,100,693</u>	<u>18,117</u>	<u>75,943</u>	<u>133,474</u>	<u>2,328,227</u>
<i>Net book value</i>					
At 31 December 1995	<u>7,334,487</u>	<u>76,169</u>	<u>24,716</u>	<u>129,900</u>	<u>7,565,272</u>
At 31 December 1994	<u>5,491,661</u>	<u>83,234</u>	<u>45,219</u>	<u>75,472</u>	<u>5,695,586</u>

# Airline Rotables Limited

## Notes (continued)

### 9 Debtors

	1995 US\$	1994 US\$
Trade debtors	1,642,742	662,403
Amounts owed by fellow subsidiary undertakings	930,173	410,479
Other debtors	-	220,125
Prepayments and accrued income	168,413	96,299
	<u>2,741,328</u>	<u>1,389,306</u>

### 10 Creditors: amounts falling due within one year

	1995 US\$	1994 US\$
Bank loans and overdrafts	4,625,000	4,650,000
Trade creditors	2,133,817	1,127,579
Amounts owed to group undertakings	1,097,089	835,089
Other creditors including taxation and social security:		
Corporation Tax	8,452	-
Accruals and deferred income	1,303,426	522,776
	<u>9,167,784</u>	<u>7,135,444</u>



# Airline Rotables Limited

## Notes (continued)

### 11 Provisions for liabilities and charges

	Deferred taxation US\$
At beginning of year	345,000
Charge for the year in the profit and loss account	282,500
	<hr/>
At year end	627,500
	<hr/>

The amounts provided in the financial statements which represent full provision for deferred taxation liabilities are as follows:

	1995 US\$	1994 US\$
Difference between accumulated depreciation and capital allowances	826,770	843,350
Other timing differences	-	(12,350)
Unutilised trading losses	(199,270)	(486,000)
	<hr/>	<hr/>
	627,500	345,000
	<hr/>	<hr/>

### 12 Called up share capital

	1995 £	1994 £
<i>Authorised</i>		
1,000 Shares of £1 each	1,000	1,000
199,000 Ordinary shares of £1 each	199,000	199,000
	<hr/>	<hr/>
	200,000	200,000
	<hr/>	<hr/>
	US\$	US\$
<i>Allotted, called up and fully paid</i>		
2 shares of £1 each	4	4
159,998 ordinary shares of £1 each	302,071	302,071
	<hr/>	<hr/>
	302,075	302,075
	<hr/>	<hr/>

# Airline Rotables Limited

## Notes *(continued)*

### 13 Reserves

Profit and  
loss account  
US\$

At beginning of year	50,833
Transfer to profit and loss account	683,040
	<hr/>
At end of year	733,873
	<hr/>

### 14 Reconciliation of movements in shareholders' funds

	1995 US\$	1994 US\$
Profit for the financial year	683,040	138,462
	<hr/>	<hr/>
Net addition to shareholders' funds	683,040	138,462
Opening shareholders' funds	352,908	214,446
	<hr/>	<hr/>
Closing shareholders' funds	1,035,948	352,908
	<hr/>	<hr/>

# Airline Rotables Limited

## Notes (continued)

### 15 Commitments

- (i) Capital commitments at the end of the financial year for which no provision has been made.

	1995 US\$	1994 US\$
Contracted	-	88,005
Authorised but not contracted	-	2,379,250

- (ii) Annual commitments under non-cancellable operating leases are as follows:

	1995		1994	
	Land and buildings US\$	Other US\$	Land and buildings US\$	Other US\$
Operating leases which expire:				
Within two to five years	-	928,085	-	143,475
Over five years	78,822	-	79,177	-
	<u>78,822</u>	<u>928,085</u>	<u>79,177</u>	<u>143,475</u>

### 16 Reconciliation of operating profit to net cash inflow from operating activities

	1995 US\$	1994 US\$
Operating profit	1,265,099	366,965
Depreciation charge	920,084	615,360
Loss/(profit) on sale of tangible fixed assets	182,336	(18,396)
(Increase)/decrease in stocks	33,342	(33,342)
(Increase)/decrease in debtors	(1,352,022)	156,445
Increase in creditors	2,048,888	790,031
Effect of foreign exchange rate movements	-	(35,115)
Net cash inflow from operating activities	<u>3,097,727</u>	<u>1,841,948</u>

# Airline Rotables Limited

## Notes (continued)

### 17 Analysis of changes in cash and cash equivalents

	1995 US\$	1994 US\$
Balance at 1 January	715,118	399,300
Net cash (outflow)/inflow before adjustments for foreign exchange rate changes	(190,486)	294,366
Effect of foreign exchange rate changes	-	21,452
	<hr/>	<hr/>
Balance at 31 December	524,632	715,118
	<hr/>	<hr/>

### 18 Analysis of changes in financing during the year

	Share capital US\$	Loans and finance lease obligations US\$
Balance at 1 January 1994	302,075	4,700,000
Cash outflow from financing	-	(50,000)
	<hr/>	<hr/>
Balance at 31 December 1994	302,075	4,650,000
Cash outflow from financing	-	(25,000)
	<hr/>	<hr/>
Balance at 31 December 1995	302,075	4,625,000
	<hr/>	<hr/>

# Airline Rotables Limited

## Notes *(continued)*

- 19      **Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a subsidiary undertaking of Singapore Technologies Pte Ltd incorporated in the Republic of Singapore.

The largest group in which the results of the company are consolidated is that headed by Singapore Technologies Pte Ltd, incorporated in the Republic of Singapore. The smallest group in which they are consolidated is that headed by Singapore Technologies Aerospace Ltd, incorporated in the Republic of Singapore.

The consolidated accounts of Singapore Technologies Pte Ltd and Singapore Technologies Aerospace Ltd are available to the public and may be obtained from the Registry of Companies and Businesses of Singapore, 10 Anson Road, #05-01, Singapore 0207.