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Flight Refuelling (Services) Limited
Financial Statements
31st December 1983

Signed Copy



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Financial Statements
31st December 1983



Flight Refuelling (Services) Limited

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Flight Refuelling (Services) Limited

Notice of Meeting

Notice is hereby given that the nineteenth annual general meeting of the company will be held at Brook Road, Wimborne, Dorset on Tuesday 22nd May 1984, at 8.40 am for the following purposes:-

Resolution 1

To receive the report of the directors and the audited financial statements for the year ended 31st December 1983.

Resolution 2

To re-elect Mr. A.G. Irwin a director.

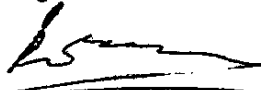
Resolution 3

To re-appoint Price Waterhouse as auditors and to authorise the directors to fix their remuneration.

To transact any other business of an ordinary meeting.

Members of the company entitled to attend and vote are entitled to appoint one or more proxies to attend and on a poll to vote instead of them. A proxy need not be a member of the company.

By order of the board



B. Moore
Secretary
Brook Road
Wimborne
Dorset BH21 2BJ

26th April 1984

Flight Refuelling (Services) Limited

Report of the Directors

The directors have pleasure in submitting their nineteenth annual report together with the financial statements of the company for the year ended 31st December 1983.

The presentation this year has been amended to follow the form prescribed by the Companies Act 1981. The Act alters considerably the structure of both the financial statements and the report of the directors as well as requiring additional information.

Results for the Year

The company's results for the year are set out in the profit and loss account on page 6. The directors do not recommend the payment of a dividend. The profit for the year of £37,412 has been transferred to reserves.

Principal Activities and Business Review

The principal business of the company is the management of, and the provision of services to, airfields.

The directors consider that the majority of the business of the company represents a single activity.

1983 saw a significant increase in the activities of the company and the directors are pleased to report the recent award to the company of the contract for the operation of the Royal Navy's Fleet Requirements and Air Direction Unit which is based at the Royal Naval Air Station Yeovilton.

Board of Directors

The following directors held office throughout the year, unless otherwise stated:

Michael J. Cobham

H.R. Harris

H.N.P. McCorkell - Resigned 31st December 1983

A.G. Irwin - Appointed 6th December 1983

Mr. A.G. Irwin retires in accordance with the Articles of Association and being eligible, offers himself for re-election.

The directors' shareholdings and interests are shown in note 5 to the financial statements.

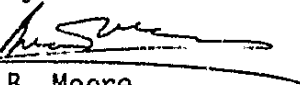
Fixed Assets

The movement on tangible fixed assets is shown in note 7 to the financial statements.

Auditors

In accordance with Section 14 of the Companies Act 1976 a resolution to re-appoint Price Waterhouse as auditors will be proposed at the forthcoming annual general meeting.

By order of the board



B. Moore
Secretary

26th April 1984

Flight Refuelling (Services) Limited

Report of the Auditors

To the members of Flight Refuelling (Services) Limited

We have audited the financial statements on pages 5 to 12 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give under that convention a true and fair view of the state of the company's affairs at 31st December 1983 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants

Capital House
1 Houndwell Place
Southampton SO1 1HU

26th April 1984

Flight Refuelling (Services) Limited

Accounting Policies

Accounting Convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is based on sales value exclusive of value added tax.

Deferred Taxation

Provision is made for deferred taxation, using the liability method, unless there is a reasonable probability that it will not become payable within the foreseeable future.

Tangible Fixed Assets

Fixed assets are depreciated on a straight line basis over their estimated useful lives. These lives are as follows:-

Plant and Machinery (including Vehicles)	-	4 years
Fixtures, Fittings, Tools and Equipment	-	5 years

Stocks

Stocks and work in progress are stated at the lower of cost, which includes an appropriate proportion of productive and administrative overheads, and net realisable value.

Foreign Currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the balance sheet date.

Exchange differences are dealt with in the profit and loss account.

Flight Refuelling (Services) Limited

Profit and Loss Account for the year ended 31st December 1983

	Notes	1983 £	1982 £
Turnover	1	1,066,395	424,249
Cost of sales		(981,384)	(388,388)
Gross profit		85,011	35,861
Selling and distribution costs		(2,493)	-
Administrative expenses		(14,725)	(11,809)
Operating Profit	2	67,793	24,052
Net interest	3	2,975	-
Profit on Ordinary Activities before Taxation		70,768	24,052
Tax on profit on ordinary activities	4	(33,356)	(12,848)
Profit on Ordinary Activities after Taxation		37,412	11,204

£3,295 has been charged against reserves in respect of deferred taxation following the 1984 budget (see notes 11 and 13).

Balance Sheet
as at 31st December 1983

	Notes	1983 £	1982 £
Fixed Assets			
Tangible assets	7	17,519	-
Current Assets			
Stocks	8	2,592	-
Debtors	9	373,225	176,146
Cash at bank and in hand		53,207	10,305
		<u>429,024</u>	<u>186,451</u>
Creditors - Amounts falling due within one year	10	<u>(396,952)</u>	<u>(174,272)</u>
Net Current Assets		<u>32,072</u>	<u>12,179</u>
Total Assets Less Current Liabilities		<u>49,591</u>	<u>12,179</u>
Provisions for Liabilities and Charges			
Deferred Taxation	11	<u>(3,295)</u>	<u>-</u>
		<u>46,296</u>	<u>12,179</u>
Capital and Reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	45,296	11,179
Shareholders' Funds		<u>46,296</u>	<u>12,179</u>

These financial statements were approved by the board on 26th April 1984 and were signed on its behalf by:

MICHAEL J. COBHAM

A.G. IRWIN

Directors

Flight Refuelling (Services) Limited

Notes to the Financial Statements

1 Geographical Analysis of Turnover	1983	1982
	£	£
United Kingdom	1,066,395	424,249
2 Operating Profit	1983	1982
	£	£
The operating profit is after charging:		
Depreciation	856	-
Auditors' remuneration	1,000	500
Hire of plant and machinery	132	-
3 Net Interest	1983	1982
	£	£
Interest receivable in respect of intergroup balances	(2,975)	-
4 Taxation	1983	1982
	£	£
Based on the results of the year:		
U.K. corporation tax at a composite rate of 50.5% (1982 - 52%)	36,412	12,848
Deferred taxation	(4,420)	-
Prior year adjustments	1,364	-
	33,356	12,848

Deferred taxation arising from capital allowances, provided as a result of taxation changes in the 1984 Budget has been charged against reserves and all relates to the current year.

5 Directors

Directors' Shareholdings and Interests

None of the directors held an interest in shares of the company.

Interests of the directors and their families in shares of the holding company were:

	At 31st December 1983		At 31st December 1982	
	4.2%		4.2%	
	Ordinary Shares	Preference Shares	Ordinary Shares	Preference Shares
Michael J. Cobham	4,106,739	-	2,737,769	-
- Non beneficial	3,311,725	10,431	2,181,352	10,431
H.R. Harris	7,607	-	5,001	-
A.G. Irwin	500+	-	-	-

+ and at date of appointment.

Flight Refuelling (Services) Limited
Notes to the Financial Statements (continued)

5 Directors (continued)

All non-beneficial shareholdings in which a director of the company has an interest, are jointly held with at least one individual who is not a director.

The following options, granted to a director of the company under the group executive share option scheme, were outstanding at 31st December 1983:

	Ordinary Shares	Price (p)	Date Granted	Date Exercisable
H.R. Harris	11,250	127.29	10.6.82	11.6.85 - 10.6.89
"	13,500	182.43	8.6.83	9.6.86 - 8.6.90

The number of ordinary shares and prices shown in respect of share options have been adjusted for scrip issues to date.

Directors' Emoluments

None of the directors received any emoluments in respect of their services to the company.

6 Employees

	1983 Number	1982 Number
Average number of employees	83	35
Employment costs	£	£
Wages and salaries	676,219	264,200
Social security costs	56,300	22,604
Other pension costs	29,156	20,889
	761,675	307,693

Pension

The company makes contributions to a retirement benefits plan which covers the majority of employees. The contributions are based on periodic actuarial calculations and are charged against profits as incurred. The fund, which was established in July 1982, has not yet been valued, but is considered to be fully funded.

Flight Refuelling (Services) Limited
Notes to the Financial Statements (continued)

7 Tangible Fixed Assets	Plant and Machinery (including Vehicles) £	Fixtures, Fittings, Tools and Equipment £	Total £
Cost			
At 1st January 1983	-	-	-
Additions	16,681	1,694	18,375
Disposals	-	-	-
At 31st December 1983	16,681	1,694	18,375
Accumulated depreciation			
At 1st January 1983	-	-	-
Depreciation for the year	828	28	856
Disposals	-	-	-
At 31st December 1983	828	28	856
Net Book Amount			
At 1st January 1983	-	-	-
At 31st December 1983	15,853	1,666	17,519

8 Stocks	1983 £	1982 £
Work in progress	2,592	-

There is no significant difference between the replacement cost and the value of stocks shown.

9 Debtors	1983 £	1982 £
Amounts falling due within one year		
Trade debtors	367,025	176,146
Other debtors	497	-
Prepayments and accrued income	1,283	-
Deferred tax asset	4,420	-
	373,225	176,146

Flight Refuelling (Services) Limited
Notes to the Financial Statements (continued)

10 Creditors - Amounts falling due within one year	1983 £	1982 £
Trade creditors	123,122	29,475
Taxation payable (see below)	50,624	12,848
Payroll and other taxes, including social security	106,701	42,138
Accruals and deferred income	51,922	26,517
Other creditors	2,363	-
Amount owing to holding company	62,220	63,294
	396,952	174,272
Taxation Payable		
Corporation tax currently payable	14,212	12,848
Corporation tax due 1.10.84	36,412	-
	50,624	12,848

11 Deferred Taxation

The 1984 Budget proposed significant changes in the taxation allowances given on capital expenditure. Accordingly full provision has been made for the deferred taxation expected to arise on the reversal of the accelerated capital allowances claimed in the year. The provision, amounting to £3,295 (1982 - Nil) which has been charged against reserves in the year, has been established at a taxation rate of 35%, being the proposed rate of tax for the periods when reversal is expected to take place.

12 Share Capital

The share capital of the company consists of 1,000 authorised, issued and fully paid ordinary shares of £1 each.

13 Profit and Loss Account

	£
At 1st January 1983	11,179
Profit retained for the year	37,412
Provision for deferred taxation	(3,295)
At 31st December 1983	45,296

14 Holding Company

The ultimate holding company is Flight Refuelling (Holdings) plc, incorporated in Great Britain.

Flight Refuelling (Services) Limited

Source and Application of Funds for the year ended 31st December 1983

Source of Funds	1983 £	1982 £
Profit on ordinary activities before taxation	70,768	24,052
Adjustment for item not involving the movement of funds: Depreciation	856	-
Total Generated from Operations	71,624	24,052
 Application of Funds		
Purchase of tangible fixed assets	18,375	-
	53,249	24,052
 Change in Working Capital		
Increase in stocks	2,592	-
Increase in debtors	192,660	176,146
(Increase) in creditors	(185,979)	(98,130)
(Increase) decrease in:		
amount owing to holding company	1,074	(63,294)
amount owing by fellow subsidiary	-	(717)
	10,347	14,005
Increase in Net Liquid Funds	42,902	10,047
 Representing:		
Increase in cash at bank and in hand	42,902	10,047