

FLIGHTSPARES LIMITED

(Registered Number 718149)

DIRECTORS' REPORT **and** **CONSOLIDATED** **FINANCIAL STATEMENTS**

FOR YEAR ENDED

31 DECEMBER 1999



DIRECTORS' REPORT and CONSOLIDATED FINANCIAL
STATEMENTS

CONTENTS

Page No.

Directors' Report	1 - 2
Statement of Directors' Responsibilities	3
Report of the Auditors to the Members of Flightspares Limited	4
Consolidated Profit and Loss Account	5
Consolidated Balance Sheet	6
Balance Sheet	7
Consolidated Cash Flow	8
Reconciliation of Movements in Shareholders' Funds	9
Notes	10 - 21

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 1999.

Principal activities

The principal activity of the group was as a stockist of aircraft components.

Business review

On the 30th June 1999 the group disposed of all the assets, liabilities and trade of the Electronics business to a third party.

On the 24th September 1999 the group disposed of the aircraft spares inventory and business to another third party.

The results for the year include the normal trading situation up to the 24th September plus the costs of winding down the activities of the business.

As the major business of the group has been sold and has effectively ceased to trade before 31 December 1999 there was no requirement for the business systems of the company to be Year 2000 compliant.

Proposed dividend

The Directors recommend that no final ordinary dividend be paid (1998 - £nil).

Policy and practice on payment of creditors

It is the groups payment policy to negotiate terms with its suppliers in all sectors to ensure that they know the terms on which payment will take place when the business is agreed. It is our policy to abide by these terms. Payment terms allowed to forwarding agents are 7 days and 30 days to all other suppliers.

Directors and Directors' interests

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

W J McKnight	-	Resigned 30 th June 1999
A A Harding		
C Vandersluis		
M Liddle		
S P Dingle	-	Resigned 2 nd June 1999
D Coxon		
J R Edwards	-	Appointed 6 th December 1999
G M Norris	-	Appointed 6 th December 1999

DIRECTORS' REPORT *continued*

The Directors who held office at the end of the financial year had the following interests in the ordinary shares of the ultimate holding company, TI Group Plc., according to the Register of Directors' Interests.

	Interest in 25p ordinary shares			Option to acquire		
	1998*	1999	1998*	Granted	Exercised	1999
C Vandersluis	-	-	1,101	-	-	1,101
M Liddle	1,259	1,259	-	-	-	-
J R Edwards	111,646	111,646	352,549	-	-	352,549
G M Norris	10,000	10,000	50,872	-	-	50,872

* As at 31.12.98 or date of appointment if later

With the exception of the interests disclosed above, no Director had any interest in the shares or debentures of any group company at either 31 December 1999 or 31 December 1998.

Political and charitable contributions

No charitable or political donations were made during the year (1998 - £nil).

Post balance sheet events

Following the major disposal in September 1999 the activities of the group will be wound down in an orderly manner over a period of approximately three to six months.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



G M Norris
 Director

Lambourn Court
 Abingdon
 Oxfordshire
 OX14 1UH

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 Group 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 general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and group and to prevent and detect fraud and other irregularities.

Auditors' report to the members of Flightspares Ltd

We have audited the Financial Statements on pages 5 to 21.

Respective responsibilities of Directors and Auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, 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.

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 affairs of the company and group as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

25 Sept 2000

Date

CONSOLIDATED PROFIT and LOSS ACCOUNT

as at 31 December 1999

	<i>Note</i>	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
Turnover	2	12,370	22,083
Cost of sales - including exceptional costs of £13,200 in 1998	3	(6,864)	(30,884)
Gross Profit/(Loss)		5,506	(8,801)
Distribution costs		(2,416)	(3,729)
Administrative expenses		(795)	(894)
Other operating income		165	12
Loss on disposal of business		(2915)	---
Operating Loss	3	(455)	(13,412)
Interest receivable	6	123	28
Interest payable	7	(19)	(208)
Loss on ordinary activities before taxation	2-5	(351)	(13,592)
Tax on (loss)/profit on ordinary activities	8	194	1,618
Loss on ordinary activities after taxation		(157)	(11,974)
Retained Loss for the year		(157)	(11,974)

There are no recognised gains and losses other than those above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the retained loss for the financial year stated above and its historical cost equivalent.

The above results relate to discontinued activities.

The notes on pages 10 to 21 form part of these accounts.

CONSOLIDATED BALANCE SHEET

as at 31 December 1999

	Note	1999 £000	1998 £000
Fixed assets			
Tangible assets	9	---	2,890
Current assets			
Stocks	11	---	6,816
Debtors - includes amounts falling due after one year of £3,012,000 (1998 Nil)	12	5,288	7,237
Cash in hand		<u>490</u>	<u>316</u>
		5,778	14,369
Creditors: amounts falling due within one year	13	(339)	(2,581)
Net current assets		<u>5,439</u>	<u>11,788</u>
Total assets less current liabilities		5,439	14,678
Creditors: amounts falling due after more than one year	14	(3,263)	(19,345)
Net assets/Liabilities		<u>2,176</u>	<u>(4,667)</u>
Capital and reserves			
Called up share capital	16	50	50
Share premium account	17	7,042	42
Profit and loss account	17	(4,916)	(4,759)
Equity shareholder's funds		<u>2,176</u>	<u>(4,667)</u>

These financial statements were approved by the Board of Directors on 25/9/00 and were signed on its behalf by:



G M Norris
Director

BALANCE SHEET

as at 31 December 1999

	Note	1999 £000	1998 £000
Fixed assets			
Tangible assets	9	---	2,827
		---	<u>2,827</u>
Current assets			
Stocks	11	---	5,720
Debtors - includes amounts falling due after one year of £3,012,000	12	4,879	7,780
Cash in hand		214	312
		<u>5,093</u>	<u>13,812</u>
Creditors: amounts falling due within one year	13	(305)	(2,195)
Net assets		<u>4,788</u>	<u>11,617</u>
Total assets less current liabilities		<u>4,788</u>	<u>14,444</u>
Creditors: amounts falling due after more than one year	14	(1,218)	(17,297)
Net assets/Liabilities		<u>3,570</u>	<u>(2,853)</u>
Capital and reserves			
Called up share capital	16	50	50
Share premium account	17	7,042	42
Profit and loss account	17	(3,522)	(2,945)
Equity shareholder's funds		<u>3,570</u>	<u>(2,853)</u>

These financial statements were approved by the Board of Directors on 25/9/00 and were signed on its behalf by:



G M Norris
 Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 1999

	Note	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
Net Cash Flow from Operating Activities	21	6,922	1,623
Returns on Investments and Servicing of Finance			
Interest received	22	123	28
Interest paid	22	(19)	(208)
		104	(180)
Taxation			
United Kingdom taxation		---	(174)
Capital Expenditure			
Purchase of tangible fixed assets	22	(20)	(40)
Sale of tangible fixed assets	22	2,350	7
		2,330	(33)
Net Cash Flow before Financing		9,356	1,236
Financing			
(Decrease) in borrowings	22	(9,182)	(975)
Increase in Cash		174	261

RECONCILIATION of MOVEMENTS in SHAREHOLDERS' FUNDS

for the year ended 31 December 1999

	Note	Group		Company	
		1999 £000	1998 £000	1999 £000	1998 £000
Loss for the financial year		(157)	(11,974)	(577)	(9,439)
Dividends		---	---	---	---
		---	---	---	---
Net reduction to shareholders' funds		(157)	(11,974)	(577)	(9,439)
Opening shareholders' funds		(4,667)	7,307	(2,853)	6,586
Increase in Share Capital	17	7,000	---	7,000	---
		---	---	---	---
Closing shareholders' funds		2,176	(4,667)	3,570	(2,853)
		---	---	---	---

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 .
As noted in the directors report the business has been sold.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31st December 1999. The acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Fixed assets and depreciation

Depreciation is provided 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:

Freehold buildings	-	2% p.a.
Fixtures and fittings	-	10% to 33% p.a.
No depreciation is provided on Freehold land.		

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the Balance Sheet date, or where there are matching forward contracts in respect of trading transactions, the rates of exchange specified in the contracts are used. All realised differences are taken to the Profit and Loss Account and unrealised differences on forward contracts are taken to the Balance Sheet.

Leases

Where the group 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 the shorter.

All other Leases are accounted 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.

NOTES continued

(forming part of the Financial Statements)

Deferred taxation

Deferred taxation is provided at the future rate of taxation using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Pension

The group is a member of the EIS Group Pension Scheme.

Pension costs for the defined benefit pension scheme are charged to the Profit and Loss Account, so as to spread the cost of providing for staff pensions over employees' working lives. Variations from regular cost are spread over the average remaining service lives of current employees.

Pension costs for the defined pension scheme are charged to the Profit and Loss Account in the year in which they are payable.

Stocks

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

Turnover

Turnover represents the invoiced sales during the year excluding Value Added Tax.

All of the groups turnover and (loss)/profit on ordinary activities before taxation relate to the groups principal activity and are generated from within the UK.

2. Analysis of Turnover

	Year ended 31 December 1999	Year ended 31 December 1998
<i>By geographical market</i>	£000	£000
United Kingdom	5,387	13,327
Asia, Far East and Australia	1,047	1,355
North, South & Central America	2,864	3,664
Europe	2,170	2,210
Africa	812	1,460
Middle East	90	67
	12,370	22,083

NOTES continued

(forming part of the Financial Statements)

3. Loss on ordinary activities before taxation

	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
Loss on ordinary activities before taxation is stated after charging		
Auditors' remuneration:		
Audit - Group	27	28
Audit - Company	27	28
Depreciation and other amounts written off tangible fixed assets:		
Owned	181	179
Hire of plant & machinery - rentals payable under operating leases	55	230
Closedown Costs:		
Redundancy	438	---
	<hr/>	<hr/>

The loss on disposal of business in the current year relates to the disposal of trading assets in Flightspares Inc.

The exceptional costs in the prior year were:

	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
Loss arising from the disposal of HS748 inventory	-	300
Aircraft type provision	-	4,000
General provision to write stocks down to NRV	-	8,900
	<hr/>	<hr/>
	-	13,200
	<hr/>	<hr/>

NOTES continued

(forming part of the Financial Statements)

4. Remuneration of directors

	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
Directors' emoluments		
As Directors	172	245

The emoluments, excluding pension contributions, of the highest paid Director were £48,445 (1998: £84,425) and company pension contributions of £nil (1998: £9,202). He is not a member of the company pension scheme.

Retirement benefits are accruing to the following number of Directors under:

	Number of Directors	
	1999	1998
Defined benefit schemes	1	5

5. Staff numbers and costs

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

	Number of Employees	
	Year ended 31 December 1999	Year ended 31 December 1998
Sales, Administration and Distribution	47	102
	<u>47</u>	<u>102</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
Wages and salaries	1,936	1,984
Social security costs	84	171
Other pension costs	56	86
	<u>2,076</u>	<u>2,241</u>

6. Interest receivable - Group

	Year ended 31 December 1999 £000	Year ended 31 December 1998 £000
Receivable from group undertakings	123	25
Other	---	3
	<u>123</u>	<u>28</u>

NOTES continued

(forming part of the Financial Statements)

7. Interest payable - Group

	Year ended 31 December 1999	Year ended 31 December 1998
	£000	£000
Bank loans and overdrafts	---	140
Finance lease charges	19	68
	<u>19</u>	<u>208</u>

8. Taxation - Group

	Year ended 31 December 1999	Year ended 31 December 1998
	£000	£000
UK corporation tax at 31% (1998: 31%)	-	1
Deferred taxation	-	(1,397)
Overseas taxation	(194)	49
Adjustment relating to an earlier year		
- Corporation tax	-	(67)
- Deferred tax	-	(204)
	<u>(194)</u>	<u>(1,618)</u>

9. Tangible fixed assets - Group

	Freehold Land and buildings £000	Plant and machinery £000	Total £000
Cost			
At beginning of year	2,933	1,370	4,303
Additions	---	20	20
Disposals	(2,933)	(1,390)	(4,323)
At end of year	<u>---</u>	<u>---</u>	<u>---</u>
Depreciation			
At beginning of year	407	1,006	1,413
Charge for year	40	141	181
On disposals	(447)	(1,147)	(1,594)
At end of year	<u>---</u>	<u>---</u>	<u>---</u>
Net book value			
At 31 December 1999	<u>---</u>	<u>---</u>	<u>---</u>
At 31 December 1998	<u>2,526</u>	<u>364</u>	<u>2,890</u>

Included in the net book value of plant and machinery is £nil (1998: £127,000) of assets held under finance leases. Depreciation charged on these assets was £ 64,000 (1998: £64,000).

NOTES continued

(forming part of the Financial Statements)

9. Tangible Fixed Assets - Company

	Land and buildings	Plant and machinery	Total
	£000	£000	£000
Cost			
At beginning of year	2,933	1,209	4,142
Additions	---	20	20
Disposals	(2,933)	(1,229)	(4,162)
At end of year	---	---	---
Depreciation			
At beginning of year	407	908	1,315
Charge for year	40	130	170
On disposals	(447)	(1,038)	(1,485)
At end of year	---	---	---
Net book value			
At 31 December 1999	---	---	---
At 31 December 1998	2,526	301	2,827

Included in the net book value of plant and machinery is £nil (1998: £127,000) of assets held under finance leases. Depreciation charged on these assets was £64,000 (1998: £64,000).

10. Fixed asset investments - Group

The companies in which the company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Flightspares International Inc	USA	Aircraft components	100% Ordinary
Other investment			
AEM Srl (Sold 30 th June 1999)	France	Sales Office	1% Ordinary

All of the above companies have been consolidated into the Flightspares Limited consolidated accounts.

NOTES continued

(forming part of the Financial Statements)

	Group		Company	
11. Stocks	1999	1998	1999	1998
	£000	£000	£000	£000
Finished Stocks	---	6,816	---	5,720
	---	6,816	---	5,720

	Group		Company	
12. Debtors	1999	1998	1999	1998
	£000	£000	£000	£000
Trade debtors	3,492	2,793	2,805	2,179
Amounts owed by group undertakings	1,436	4,240	1,955	5,446
Other debtors	241	---	---	---
Prepayments and accrued income	119	204	119	155
	5,288	7,237	4,879	7,780

Debtors include amounts owed by Group undertakings of £ 1,436,000 (1998: £3,936,000). Debtors due after more than one year all relate to trade debtors

13. Creditors: amounts falling due within one year

	1999	1998	1999	1998
	£000	£000	£000	£000
Bank loans and overdrafts	---	30	--	---
Obligations under finance leases and hire purchase contracts (see note 14)	80	150	80	150
Trade creditors	34	1,640	---	1,567
Amounts owed to group undertakings	104	37	104	37
Taxation and social security	0	36	---	31
Accruals and deferred income	121	688	121	410
	339	2,581	305	2,195

The amounts owed to group undertakings comprise

Fellow subsidiary undertakings	104	37	104	37
	104	37	104	37

NOTES continued

(forming part of the Financial Statements)

14. Creditors: amounts falling due after more than one year

	Group		Company	
	1999	1998	1999	1998
	£000	£000	£000	£000
Bank loans and overdrafts	---	15	---	---
Obligations under finance leases and hire purchase contracts	---	79	---	79
Amounts owed to group undertakings	3,263	19,251	1,218	17,218
	<u>3,263</u>	<u>19,345</u>	<u>1,218</u>	<u>17,297</u>

Analysis of debt: - Bank loan

	1999	1998	1999	1998
	£000	£000	£000	£000
Debt can be analysed as falling due:				
In one year or less, or on demand	---	30	---	---
Between one and two years	---	15	---	---
	<u>---</u>	<u>45</u>	<u>---</u>	<u>---</u>

Obligations under finance leases and hire purchase agreements	1999	1998	1999	1998
	£000	£000	£000	£000
Maturity can be analysed as falling due:				
In less than one year	79	150	79	150
Between two and five years	---	79	---	79
	<u>79</u>	<u>229</u>	<u>79</u>	<u>229</u>

15. Deferred tax asset - Group

There is no deferred tax liability at year end (1998: £nil).

NOTES continued

(forming part of the Financial Statements)

16. Called up share capital - Group

	1999 £000	1998 £000
Authorised		
Equity: 500,100 Ordinary shares of 10p each (1998: 500,000)	50	50
	<hr/> 50	<hr/> 50
Allotted, called up and fully paid		
Equity: 500,100 Ordinary shares of 10p each (1998: 500,000)	50	50
	<hr/> 50	<hr/> 50

The Directors' options to subscribe for shares in the company are disclosed in the Directors' Report.

17. Share premium and reserves

	Group		Company	
	Share Premium Account	Profit & Loss Account	Share Premium Account	Profit & Loss Account
	1999 £000	1999 £000	1999 £000	1999 £000
At beginning of year	42	(4,759)	42	(2,945)
Retained loss for the year	---	(157)	---	(577)
Premium on new shares	7,000	---	7,000	---
At end of year	<hr/> 7,042	<hr/> (4,916)	<hr/> 7,042	<hr/> (3,522)

During the year, 100 ordinary shares were issued to TI Group plc for a consideration of £7m.

18. Contingent liabilities - Group

The group has guaranteed the overdrafts of its subsidiaries; the amount outstanding at the year end was \$Nil (1998: £45,000).

NOTES continued

(forming part of the Financial Statements)

19. Commitments - Group

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

	1999 £000	1998 £000
Operating leases which expire:		
Within one year	---	175
In the second to fifth years inclusive	---	57
	<hr/>	<hr/>
	---	232
	<hr/>	<hr/>

20. Capital commitments - Group

Capital commitments at 31 December 1999 for which no provision has been made in these accounts, were as follows:

	1999 £000	1998 £000
Contracted	---	---
	<hr/>	<hr/>
	---	---
	<hr/>	<hr/>

21. Reconciliation of operating loss to operating cash flow

	1999 £000	1998 £000
Operating loss	(455)	(13,412)
Depreciation	181	292
Profit/ (loss) on sale of fixed assets	379	(4)
Decrease in stocks	6,816	18,471
Decrease/(increase) in debtors	2,143	(2,475)
Increase/(decrease) in creditors	(2,142)	(1,249)
	<hr/>	<hr/>
	6,922	1,623
	<hr/>	<hr/>

NOTES continued

(forming part of the Financial Statements)

22. Analysis of cash flows

	1999 £000	1999 £000	1998 £000	1998 £000
Returns on investments and servicing of finance				
Interest received	123		28	
Interest paid	---		(140)	
Interest element of finance lease	(19)		(68)	
		104		(180)
Capital expenditure				
Purchase of tangible fixed assets	(20)		(40)	
Sale of plant and machinery	2,350		7	
		2,330		(33)
Financing				
Debt due within one year:				
Increase/(decrease) in short term borrowing	(30)		(2,038)	
Debt due after more than one year:				
Repayment of secure loan	(15)		(691)	
(Repayment)/ New unsecured group loan	(8,988)		1,892	
Capital element of finance lease repayments	(149)		(138)	
		(9,182)		(975)

23. Analysis of net debt

	At beginning of year	Non cash movement	Cash flow	At end of year
Cash in hand at bank	316	---	174	490
Debt due after one year	(15)	---	15	---
Debt due within one year	(30)	---	30	---
Finance lease	(229)	---	149	(80)
Inter group loan	(19,251)	7,000	8,988	(3,263)
	(19,209)	7,000	9,356	(2,853)

NOTES continued

(forming part of the Financial Statements)

24. Pensions

The group operates a pension scheme providing benefits on final pensionable pay via the EIS Group Pension Scheme. The assets of the scheme are held separately from those of the company being invested with an insurance company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 5 April 1996 and showed that the market value of the scheme's assets were £66.7M and that the actuarial value of those assets represented 120% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The valuation, assumed that the investment return would be 2.5% higher than the rate of annual salary increase and that present and future pensions would increase at a rate of 4% per annum until 5 April 1997 and 5% per annum thereafter.

The pension charge for the period was £55,540 (1998: £86,000) and has been determined over the average remaining service lives of the employees.

25. Related party disclosures

During the year Flightspares Limited issued 100 ordinary shares to TI Group plc for a consideration of £7m.

During the year Flightspares Limited paid management charges of £75k to TI Group companies. Group paid management charges of £92k to TI Group companies.

26. Ultimate holding company

The group is a subsidiary undertaking of TI Group Plc which is the ultimate parent company incorporated in England.

Due to the accounting policies adopted by TI Group Plc no other group accounts include the results of the company.

The company's accounts have not been consolidated into the group as the company's operations were expected to be sold within 12 months of the balance sheet date and as such advantage has been taken of the exemption not to consolidate.