

ML Aircraft Services Limited

Directors' report and financial statements

31 March 1997

Registered number 1170007



ML Aircraft Services Limited

Directors' report and financial statements

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ML Aircraft Services Limited

Directors' report

The Directors have pleasure in submitting their annual report, together with the audited financial statements for the year ended 31 March 1997.

Principal activities

The principal activity of the company during the year has been to provide management, technical and related services to the aerospace industry.

Review of business and future developments

The results of the company for the year are given in the profit and loss account on page 5 and in the accompanying notes.

Dividends

The Directors do not recommend the payment of a dividend (1996: *£nil*).

Policy on the payment of creditors

The company agrees terms and conditions for transactions with suppliers and payment is made on these terms, subject to the supplier meeting the agreed terms and conditions.

Directors and directors' interests

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

JD Loveridge

JM Bryson

According to the register of directors' interests, the directors who held office during the financial year, and subsequently, had the following interests, including family interests, in the shares of the company's ultimate holding company:

Number of options for Ordinary shares of 5p each

	At 1 April 1996	Granted	Exercised	At 31 March 1997	Range of exercise prices	Range of dates from which exercisable	Range of expiry dates
JD Loveridge	254,782	-	-	254,782	28p-38p	30/06/96 - 26/07/98	30/10/97 - 26/07/05

JM Bryson is a director of ML Holdings PLC, the company's ultimate holding company and his interests, including family interests, in the issued share capital of the company's ultimate holding company are disclosed in the financial statements of that company.

ML Aircraft Services Limited

Directors' report (*continued*)

Beneficial interest in Ordinary shares of 5p each

	At 1 April 1996	Acquired in July 1996	At 31 March 1997
JD Loveridge	1,500	2,733	4,233

No directors exercised any rights to subscribe for Ordinary shares and no options lapsed unexercised during the year. Share options are granted at the discretion of the Remuneration Committee but are only exercisable if the price of the ultimate parent company's shares has increased by at least 2% a year above the rate of the increase in the Retail Price Index over the period between the date of grant of the options and the date of exercise. The market price of shares in the ultimate parent company on 31 March 1997 was 41 pence, and the range during the year was 35 pence to 45 pence.

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



JD Loveridge
Director

644 Ajax Avenue
SLOUGH
Berkshire
SL1 4BQ

30 June 1997

ML Aircraft Services 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:

- 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; and
- 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 to prevent and detect fraud and other irregularities.



KPMG Audit Plc
PO Box 695
8 Salisbury Square
London EC4Y 8BB

Report of the auditors to the members of ML Aircraft Services Limited

We have audited the financial statements on pages 5 to 11.

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 mis-statement, 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 March 1997 and of its profit 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

30 June 1997

ML Aircraft Services Limited

Profit and loss account

for the year ended 31 March 1997

	<i>Note</i>	1997 £	1996 £
Turnover from continuing operations	2	61,728	51,454
Other operating (loss)/income	3	(1,413)	1,496
Raw materials and consumables		(1,689)	(1,227)
Staff costs	4	(43,883)	(42,234)
Other external charges		(9,705)	(5,761)
Depreciation and other amounts written off tangible fixed assets	7	(478)	(478)
Operating profit from continuing operations		<u>4,560</u>	<u>3,250</u>
Profit on ordinary activities before interest		<u>4,560</u>	<u>3,250</u>
Interest receivable and similar income	5	74	36
Profit on ordinary activities before taxation		<u>4,634</u>	<u>3,286</u>
Taxation on profit on ordinary activities	6	(1,133)	(851)
Retained profit for the year	10	<u><u>3,501</u></u>	<u><u>2,435</u></u>

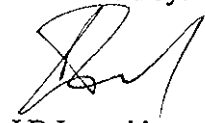
The company has no recognised gains or losses other than those shown within the profit for either year. No adjustment is required to restate the profit for either year to the historical cost profit for that year. The reconciliation of movements in shareholders' funds is given in note 11.

ML Aircraft Services Limited

Balance sheet at 31 March 1997

	<i>Note</i>	1997 £	1996 £
Fixed assets			
Tangible assets	7	717	1,195
Current assets			
Cash at bank and in hand		18,707	12,526
		<u>18,707</u>	<u>12,526</u>
Creditors: amounts falling due within one year	8	(191,709)	(189,507)
Net current liabilities		<u>(173,002)</u>	<u>(176,981)</u>
Total assets less current liabilities		<u>(172,285)</u>	<u>(175,786)</u>
Net liabilities		<u>(172,285)</u>	<u>(175,786)</u>
Capital and Reserves			
Called up share capital	9	1,000	1,000
Profit and loss account	10	(173,285)	(176,786)
Shareholders' funds - equity		<u>(172,285)</u>	<u>(175,786)</u>

These financial statements were approved by the directors on 3 June 1997 and were signed on their behalf by:



J D Loveridge
Director

ML Aircraft Services 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 financial statements:

Basis of preparation

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

Turnover

Turnover represents the value of services rendered during the year.

Foreign currencies

Assets and liabilities held in foreign currencies have been translated at the rates ruling at the balance sheet date. Transactions during the year have been translated at the rate ruling at the time of the transaction. Exchange differences from transactions arising in the normal course of trading are taken to the profit and loss account.

Financial Reporting Standard 1 (Revised)

In accordance with Financial Reporting Standard 1 (Revised), the company, being a wholly owned subsidiary of ML Holdings PLC, has not included a cash flow statement as part of these financial statements.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets over their estimated useful economic lives on the straight line basis as follows:

Plant, machinery and equipment 10 - 25% per annum

Related Party Transactions

As the company is a wholly owned subsidiary of ML Holdings PLC, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of ML Holdings PLC, within which this company is included, can be obtained from the address given in Note 13.

2 Turnover from continuing operations

All turnover is with a fellow subsidiary undertaking.

ML Aircraft Services Limited

Notes

(continued)

3 Other operating income

	1997 £	1996 £
Exchange gains/(losses)	(1,413)	1,496
	<u> </u>	<u> </u>

4 Directors and employees

Directors

No director received any emoluments from the company during the year (1996: £nil)

Employees

Average number of persons employed by the company
(including Directors):

	1997 No.	1996 No.
Directors	2	2
Management and technical	1	1
	<u> </u>	<u> </u>
	3	3
	<u> </u>	<u> </u>

	1997 £	1996 £
Their total remuneration was:		
Wages and salaries	36,875	38,634
Social security costs	7,008	3,600
	<u> </u>	<u> </u>
	43,883	42,234
	<u> </u>	<u> </u>

5 Interest receivable and similar income

	1997 £	1996 £
Bank interest	74	36
	<u> </u>	<u> </u>

ML Aircraft Services Limited

Notes

(continued)

6 Taxation

	1997 £	1996 £
UK corporation tax charge at 24% (1996:25%)	1,162	851
Double taxation relief	(920)	(600)
	<hr/>	<hr/>
UK Corporation tax	242	251
Overseas tax	920	600
	<hr/>	<hr/>
	1,162	851
Adjustment in respect of prior year	(29)	-
	<hr/>	<hr/>
	1,133	851
	<hr/>	<hr/>

7 Tangible fixed assets

	Plant, machinery and equipment £
Cost at 1 April 1996	1,912
Additions at cost	-
	<hr/>
Cost at 31 March 1997	1,912
	<hr/>
Accumulated depreciation at 1 April 1996	717
Charge for year	478
	<hr/>
Accumulated depreciation at 31 March 1997	1,195
	<hr/>
Net book value at 31 March 1997	717
	<hr/>
Net book value at 31 March 1996	1,195
	<hr/>

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Notes
(continued)

8 Creditors: amounts falling due within one year

	1997 £	1996 £
Amounts due to parent undertaking	189,189	189,189
Corporation tax	1,162	29
Other creditors	1,358	-
Accruals and deferred income	-	289
	<u>191,709</u>	<u>189,507</u>

9 Share capital

	Authorised		Allotted, called up and fully paid	
	1997 £	1996 £	1997 £	1996 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

10 Reserves

	Profit and loss account £
At 1 April 1996	(176,786)
Retained profit for the year	3,501
At 31 March 1997	<u>(173,285)</u>

ML Aircraft Services Limited

Notes

(continued)

11 Reconciliation of movements in shareholders' funds

	1997	1996
	£	£
Profit for the financial year	3,501	2,435
Opening shareholders' funds	(175,786)	(178,221)
Closing shareholders' funds	<u>(172,285)</u>	<u>(175,786)</u>

12 Financial Support

The ultimate holding company, ML Holdings PLC, has confirmed its intentions to provide such financial support as is necessary to maintain the company as a going concern. The financial statements have accordingly been prepared on a going concern basis.

13 Ultimate holding company

The company is a wholly owned subsidiary of ML Holdings PLC, a company registered in England and Wales. A copy of the Group's financial statements may be obtained from:

ML Holdings PLC
644 Ajax Avenue
Slough
Berkshire
SL1 4BQ