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STATEMENT OF ACCOUNTS

For the Period Ended

31ST MAY 1979

Porter, Matthews & Marsden,
Chartered Accountants,
'Oakmount',
6 East Park Road,
Blackburn.



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SPACEGRAND LIMITED

Directors -

J. Riley (Chairman)
C.D. Butterworth (Managing Director)

DIRECTORS' REPORT

The Directors submit their first Report and the Audited Accounts of the Company for the period ended 31st May, 1979.

Activities -

The Company was incorporated on 14th June, 1978. The principal activity of the Company is that of aircraft charterers.

Results -

In the opinion of the Directors the state of the Company's affairs is correctly set out in these Accounts on pages 3 to 6.

The Profit & Loss Account on page 3 shows a loss after taxation of £8,308. The Directors do not recommend that a dividend be paid.

Fixed Assets -

Changes during the period are detailed in Note 2.

Exports -

The value of services exported during the period was £NIL.

Directors and Interests in Shares -

The Directors of the Company during the period were appointed on 14th June, 1978 were as stated at the head of this Report.

Mr. C.D. Butterworth is the beneficial owner of 41 shares of £1 each in the Company.

As Mr. J. Riley is a Director of C. Walker & Sons Limited, this Company's Ultimate Holding Company, any interest in the Shares of the Company is not required to be recorded in the Register of Directors' Interests.

Close Company -

The Directors consider that the Company is a 'Close Company' within the provisions of the Income and Corporation Taxes Act 1970 as amended.

Auditors -

Messrs. Porter, Matthews & Marsden having been appointed Auditors to the Company during the year, have indicated their willingness to continue in office and accordingly a resolution will be proposed at the General Meeting to re-appoint them as Auditors.

Signed on Behalf of the Board,

10th December 1979


D. J. BROWN
Secretary.

Registered Office - Whitstones Farm, Twiston, Clitheroe, Lancashire.

Report of the Auditors to the Members of
Spacegrand Limited

We have examined the Accounts set out on pages 3 to 7, which have been prepared under the historical cost accounting convention.

In our opinion, these Accounts give, on the basis stated above, a true and fair view of the state of affairs at 31st May 1979 and of the profit and source and application of funds for the year ended on that date, and comply with the Companies Acts 1948 and 1967.

Blackburn,

10th December 1979

Sorka, Mathews & Mawda.
Chartered Accountants

SPACEGRAND LIMITED

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MAY 1979

	<u>Notes</u>	<u>11 months ended</u> <u>31st May 1979</u>
Turnover	1	£30,532
Trading Loss for the Period	2	5,699
<u>Add:</u> Formation Expenses written off		90
		5,789
<u>Add:</u> Taxation	5	2,519
Deficit Carried Forward		£ 8,308

SPACEGRAND LIMITED

BALANCE SHEET AS AT 31ST MAY 1979

	<u>Notes</u>	<u>1979</u>
<u>NET ASSETS</u>		
Fixed Assets	3	53,980
Engine and Propellor replacement reserve		(1,733)
Amount due to Ultimate Holding Company		(40,915)
<u>Current Assets -</u>		
Stock of Aviation Fuel		126
Debtors		16,473
Cash and Bank Balances		20,131
		<u>£36,730</u>
<u>Current Liabilities -</u>		
Creditors		15,259
Director's Loan Account		38,492
		<u>£53,751</u>
Net Current Liabilities		(17,021)
		<u>£(5,689)</u>
<u>CAPITAL EMPLOYED</u>		
Share Capital:	4	100
Revenue Reserve:		(8,308)
		<u>(8,208)</u>
Deferred Taxation:	5	2,519
		<u>£(5,689)</u>

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J. RILEY

C.D. BUTTERWORTH

} Directors

SPACEGRAND LIMITED

NOTES TO THE ACCOUNTS

1. Accounting Policies:

(a) Turnover -

Turnover comprises amounts invoiced to customers less eurocharges and landing fees recharged.

(b) Depreciation of Fixed Assets -

Depreciation has been computed to write off the cost of fixed assets over their expected useful lives, using the following rates:-

Aircraft hull, engines and propellers	10% of cost per annum
Aircraft fixtures and fittings	10% of cost per annum
Motor Vehicles	20% of cost per annum

(c) Deferred Taxation -

Deferred Taxation is accounted for on the liability method and provision has been made at the current rate of Corporation Tax of 52% on -

1. The cumulative excess of Capital Allowances over corresponding depreciation less
2. Tax losses available for relief against future profits.

(d) Stock of Aviation Fuel -

The stock of aviation fuel is valued at the lower of cost and net realisable value.

2. Trading Loss:

The trading loss for the period has been arrived at after charging:-

Depreciation	6,084
Engine and Propellor replacement provision	1,733
Auditors' Remuneration	300
Short Term Interest	9,326

and after crediting:-

Interest received	516
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SPACEGRAND LIMITED

NOTES TO THE ACCOUNTS - (CONTINUED)

3. <u>Fixed Assets:</u>	<u>Total</u>	<u>Aircraft Hull and Engines</u>	<u>Aircraft Fixtures & Fittings</u>	<u>Motor Vehicle</u>
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COST -

Additions at 31st May 1979	£60,064	£59,023	£ 241	£800
	=====	=====	=====	=====

DEPRECIATION -

Charge for the Period at 31st May 1979	£ 6,084	£ 5,900	£ 24	£160
	=====	=====	=====	=====

WRITTEN DOWN VALUE -

at 31st May 1979	£53,980	£53,123	£ 243	£640
	=====	=====	=====	=====

4. Share Capital:

Authorised, Issued and Fully Paid 100 Shares of £1 each	£ 100
	=====

5. Taxation:

Deferred by Capital Allowances	27,758
Restriction by virtue of tax losses	(25,239)
	=====
	£ 2,519
	=====

Taxation losses available for carry forward against future profits amount to £48,537.

6. Ultimate Holding Company:

The Directors regard C. Walker & Sons Limited, incorporated in England, as the Company's Ultimate Holding Company.

SPACEGRAND LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD ENDED 31ST MAY 1970

Source of Funds:

Share Capital issued	100
Inter-Group borrowings	40,915
Director's Loan Account	38,572
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	79,507

Application of Funds:

Absorbed in trading operations	5,699
Add: Company formation expenses	90
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	5,789
Less: Adjustment for items not involving the movement of funds -	
Depreciation	(6,084)
Replacement reserve	(1,733)
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	2,028
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	81,535

Other Application of Funds:

Purchase of Fixed Assets	60,064
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	21,471

Movement in Working Capital:

Stock	126
Debtors and Prepayments	16,473
Creditors	(15,259)
Liquid Funds	20,131
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	£21,471