

McCarthy Aviation Limited

(formerly Gosh! That's Aviation Limited)

Report and Accounts

31 December 1996

2881796



McCarthy Aviation Limited
(formerly Gosh! That's Aviation Limited)

Registered No. 2881796

DIRECTORS

R C McCarthy (Chairman)

C J Thompson (resigned 30 September 1998)

SECRETARY

T P Kenny

AUDITORS

Ernst & Young

Rolls House

7 Rolls Buildings

Fetter Lane

London EC4A 1NH

BANKERS

Bank of Scotland

West End Office

St James's Gate

14-16 Cockspur Street

London SW1Y 5BL

SOLICITOR

Elliot & Co

8 Breems Buildings

London EC4A 1EA

REGISTERED OFFICE

346 Kensington High Street

London

W14 8NS

McCarthy Aviation Limited
(formerly Gosh! That's Aviation Limited)

DIRECTOR'S REPORT

The director presents his report and accounts for the year ended 31 December 1996.

The company changed its name to McCarthy Aviation Limited in 1997 from Gosh! That's Aviation Limited.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is that of providing aviation services. The profit for the year is set out in the profit and loss account on page 5.

DIRECTORS AND THEIR INTERESTS

The directors during the year and their interests at the beginning and end of the year in the shares of the company as recorded in the register of directors' interests were as follows:

	At 1 January 1996	or	subsequent	date of
	At 31 December 1996	appointment	Ordinary shares	Ordinary shares
R C McCarthy	-	-	-	-
C J Thompson	-	-	-	-

The interests of R C McCarthy in the shares of the ultimate parent company, McCarthy Corporation plc, are disclosed in that company's accounts.

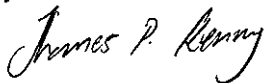
CHARITABLE DONATIONS

During the year, the company made various charitable donations totalling £240.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



T P Kenny
Secretary

02 NOV 1998

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of McCarthy That's Aviation Limited

We have audited the accounts on pages 5 to 12, which have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

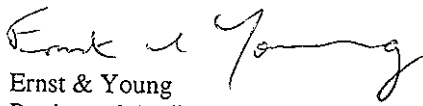
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Fundamental uncertainty

In forming our opinion, we have considered the disclosures made in note 1 to the accounts concerning their preparation on a going concern basis. The validity of this basis depends on the ability of the ultimate parent undertaking to provide the necessary financial support to the company as required. The accounts do not include any adjustments that would be required should the going concern basis prove to be invalid. Our opinion is not qualified in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditor
London

0.2 NOV 1998

McCarthy Aviation Limited
(formerly Gosh! That's Aviation Limited)

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1996

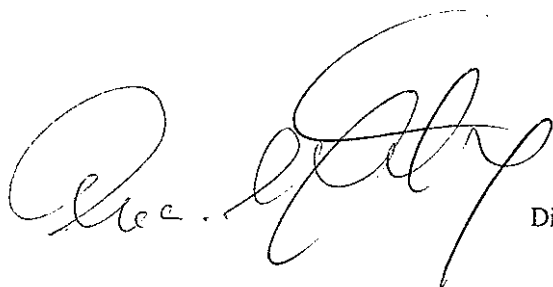
	<i>Notes</i>	<i>1996</i> £	<i>1995</i> £
TURNOVER	2	139,588	170,594
Cost of sales		(104,677)	(121,075)
Gross profit		34,911	49,519
Overheads		(44,466)	(60,174)
Other operating income		28,500	-
OPERATING PROFIT/(LOSS)	3	18,945	(10,655)
Bank interest payable		(26)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		18,919	(10,655)
TAXATION	6	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		18,919	(10,655)

There were no recognised gains or losses other than the profit for the year shown above.

McCarthy Aviation Limited
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BALANCE SHEET
at 31 December 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible assets	7	102,145	92,644
Investments	8	105,000	-
		<u>207,145</u>	<u>92,644</u>
CURRENT ASSETS			
Stocks	9	8,010	12,375
Debtors	10	70,358	8,976
Cash at bank and in hand		3,076	5,006
		<u>81,444</u>	<u>26,357</u>
CREDITORS: amounts falling due within one year	11	225,415	77,492
		<u>(143,971)</u>	<u>(51,135)</u>
NET CURRENT LIABILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>63,174</u>	<u>41,509</u>
CREDITORS: amounts falling due after more than one year			
OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS			
	12	2,746	-
		<u>60,428</u>	<u>41,509</u>
CAPITAL AND RESERVES			
Called up share capital	13	80,002	80,002
Profit and loss account	14	(19,574)	(38,493)
	15	<u>60,428</u>	<u>41,509</u>

 Director

02 NOV 1998

NOTES TO THE ACCOUNTS
at 31 December 1996

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and on a going concern basis as the ultimate parent undertaking has agreed to provide the necessary financial support for the company to meet its liabilities as they fall due. However, the ultimate parent company itself is dependent upon external sources of funds which are not certain to be available as required. Should the ultimate parent company be unable to provide the necessary financial support for the company as required the going concern basis would be invalid and adjustments would have to be made to reduce the value of assets to their realisable amount, to provide for any further liabilities which might arise and to reclassify fixed assets as current assets.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation, less any residual value over their estimated useful lives, as follows:

Long leasehold land and buildings	-	over the lease term
Plant and machinery	-	15% reducing balance
Fixtures and fittings	-	15% reducing balance

Stocks and work-in-progress

Stocks are stated at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work-in-progress and finished goods includes all production overheads and depreciation, and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Leasing and hire purchase contracts

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The corresponding lease or hire purchase obligation is capitalised in the balance sheet as a liability.

Rentals payable under operating leases and charged to the profit and loss account on a straight line basis over the term of the lease.

2. TURNOVER

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary continuing activities stated net of value added tax.

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK in 1996 and 1995.

3. OPERATING PROFIT

This is stated after charging:

	1996 £	1995 £
Depreciation of tangible fixed assets (note 7)		
owned assets	3,574	3,964
assets held under finance leases and hire purchase contracts	358	-
Auditors' remuneration	1,600	1,600
Operating lease rentals land and buildings	11,002	17,685

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NOTES TO THE ACCOUNTS
at 31 December 1996

4. DIRECTORS' EMOLUMENTS

	1996 £	1995 £
Emoluments	10,000	10,833
Estimated value of benefits in kind	-	-
	<u>10,000</u>	<u>10,833</u>

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1996 No.	1995 No.
£nil - £5,000	1	1
£5,001 - £10,000	1	-
£10,001 - £15,000	-	1

The emoluments, excluding pension contributions, of the chairman were £nil and of the highest paid director, were £10,000 (1995 - £10,833).

5. STAFF COSTS

	1996 £	1995 £
Wages and salaries	49,609	43,400
Social security costs	4,305	3,743
	<u>53,914</u>	<u>47,143</u>

The average weekly number of employees during the year was as follows:

	1996 No.	1995 No.
Administration	3	2
Production	4	5
	<u>7</u>	<u>7</u>

6. TAXATION

The company has no liability for taxation as the taxable profit is covered by losses surrendered free of charge from other group companies.

McCarthy Aviation Limited
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NOTES TO THE ACCOUNTS
at 31 December 1996

7. TANGIBLE FIXED ASSETS

	<i>Motor vehicles</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Leasehold land and buildings</i> £	<i>Total</i> £
Cost or valuation:					
At 1 January 1996	-	18,880	1,112	80,906	100,898
Additions	8,595	-	-	4,837	13,432
At 31 December 1996	8,595	18,880	1,112	85,743	114,330
Depreciation:					
At 1 January 1996	-	5,239	309	2,705	8,253
Charge for year	358	2,046	120	1,408	3,932
At December 1996	358	7,285	429	4,113	12,185
Net book value:					
At 31 December 1996	8,237	11,595	683	81,630	102,145
At 1 January 1996	-	13,641	803	78,200	92,644

The net book value of motor vehicles above includes an amount of £8,237 (1995 - £nil) in respect of assets held under finance leases and hire purchase contracts.

8. INVESTMENTS

	£
Cost:	
At 1 January 1996	-
Additions	105,000
At 31 December 1996	105,000

<i>Name of company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>No. of shares</i>	<i>Type of share</i>	<i>Nature of business</i>
Virgin Helicopters Limited (formerly McCarthy Helicopter Services Limited)	England and Wales	60%	60	Ordinary shares of £1 each	Helicopter services

On 31 March 1997 the company increased its shareholding in Virgin Helicopters Limited to 85% for consideration of £575,000 and then sold its entire shareholding to McCarthy Corporation plc for £680,000.

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NOTES TO THE ACCOUNTS
at 31 December 1996

9. STOCKS

	1996 £	1995 £
Finished goods	8,010	8,800
Work in progress	-	3,575
	<u>8,010</u>	<u>12,375</u>

10. DEBTORS: amounts falling due within one year

	1996 £	1995 £
Trade debtors	48,119	4,673
Other debtors	18,232	1,321
Prepayments and accrued income	4,007	2,982
	<u>70,358</u>	<u>8,976</u>

11. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Obligations under finance leases and hire purchase contracts	1,432	-
Trade creditors	5,368	5,634
Amounts owed to fellow subsidiary undertakings	191,931	61,983
Other creditors	26,684	9,875
	<u>225,415</u>	<u>77,492</u>

12. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1996 £	1995 £
Amounts payable:		
within one year	1,432	-
within two to five years	2,746	-
	<u>4,178</u>	<u>-</u>

Analysis of changes in finance leases and hire purchase contracts during the current and previous years:

	1996 £	1995 £
At 1 January	-	-
Inception of finance lease contract	4,297	-
Capital element of finance lease rental payments	(119)	-
At 31 December	<u>4,178</u>	<u>-</u>

McCarthy Aviation Limited
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NOTES TO THE ACCOUNTS
at 31 December 1996

13. SHARE CAPITAL

	1996 £	Authorised 1995 £
Ordinary shares of £1 each	1,000,000	1,000,000

	1996 No.	1995 No.	Allotted, called up and fully paid 1996 £	1995 £
Ordinary shares of £1 each	80,002	80,002	80,002	80,002

14. PROFIT AND LOSS ACCOUNT

	1996 £	1995 £
At 1 January 1996	(38,493)	(27,838)
Retained profit/(loss) for the year	18,919	(10,655)
At 31 December 1996	(19,574)	(38,493)

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	1996 £	1995 £
At 1 January 1996	41,509	52,164
Profit/(loss) for the year	18,919	(10,655)
At 31 December 1996	60,428	41,509

16. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

At 31 December 1996 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 1996 £	1995 £
Operating leases which expire: in over five years	11,000	11,000

NOTES TO THE ACCOUNTS
at 31 December 1996

17. RELATED PARTIES

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of the group or investees of the group.

18. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking at the balance sheet date was McCarthy Corporation plc, a company registered in England and Wales. Copies of the group accounts may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.

19. TRANSACTIONS INVOLVING DIRECTORS

There were no transactions involving directors during the year required to be disclosed in these accounts except for as follows:

Bushfire Investments Limited, a company controlled by R C McCarthy traded with the group during the year. The turnover was £16,537 and the amount owed to the company at 31 December 1996 was £5,805.