

**THE ATP ACADEMY LIMITED**

**REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 1998**



**REGISTERED NUMBER: 2997841**

**THE ATP ACADEMY LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1998**

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**THE ATP ACADEMY LIMITED**

**COMPANY INFORMATION  
AS AT 30 JUNE 1998**

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**DIRECTORS**

C K Clarke  
C L Clarke  
S N Billett

**SECRETARY**

J D Lambert (appointed 2/8/98)

**REGISTERED OFFICE**

420 Silbury Boulevard  
Central Milton Keynes  
Bucks  
MK9 2AF

**BUSINESS ADDRESS**

Dibden Manor  
Dibden  
Hants  
SO45 5TD

**AUDITORS**

Mercer & Hole  
Chartered Accountants  
420 Silbury Boulevard  
Central Milton Keynes  
Bucks  
MK9 2AF

**PRINCIPAL BANKERS**

Midland Bank plc  
12 Allhallows  
Bedford  
MK40 1LJ

## **THE ATP ACADEMY LIMITED**

### **DIRECTORS' REPORT**

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The directors present their annual report with the financial statements of the company for the year ended 30 June 1998.

#### **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 as at the end of the financial year and of the profit or loss of the company 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; 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 maintaining 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 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.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the company in the year under review were aviation skills training. No significant change in the nature of these activities occurred during the year.

#### **REVIEW OF THE BUSINESS**

The net profit after providing for taxation amounted to £136,257.

The directors consider the results achieved in the year to be satisfactory and the position at the Balance Sheet date to be satisfactory.

#### **DIVIDENDS AND TRANSFERS TO RESERVES**

The directors have paid an interim dividend during the year amounting to £30,000.

It is proposed that the retained profit for the year of £112,585 be transferred to reserves.

#### **POST BALANCE SHEET EVENTS**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial year ended 30 June 1998.

#### **FUTURE DEVELOPMENTS**

The directors do not anticipate that there will be any fundamental change in the development of the company's business in the forthcoming year.

## **THE ATP ACADEMY LIMITED**

### **DIRECTORS' REPORT**

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#### **INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY**

The directors have considered the impact of the introduction of the Euro on the business. They do not anticipate that the company will incur material costs as the result of the introduction of any modifications which are necessary as the result of the introduction of the Euro.

#### **DIRECTORS AND THEIR INTERESTS**

The directors in office in the year and their beneficial interests in the ultimate parent company at the balance sheet date and the beginning of the year were as follows:

		<b>Number of Shares</b>	
		<b>1998</b>	<b>1997</b>
C K Clarke	Ordinary shares	170,000	178,889
C L Clarke	Ordinary shares	176,667	176,667
S N Billett	Ordinary shares	44,444	44,444

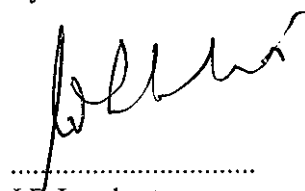
#### **YEAR 2000 ISSUES**

The directors have undertaken a review of the likely impact of the Year 2000 on the company's computer systems and business. Where necessary action will be taken to ensure that all systems which will not be replaced by 2000, can continue to function after that date. The incremental costs of modification specifically related to the year 2000 compliance are not anticipated to be significant.

#### **AUDITORS**

The auditors, Mercer & Hole, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

By order of the board:



.....  
J D Lambert  
Secretary

Date: 30 November 1998

**THE ATP ACADEMY LIMITED**

**AUDITORS' REPORT TO THE SHAREHOLDERS**

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We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of accounting policies set out on page 8.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS**

As described in the directors' report, 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.

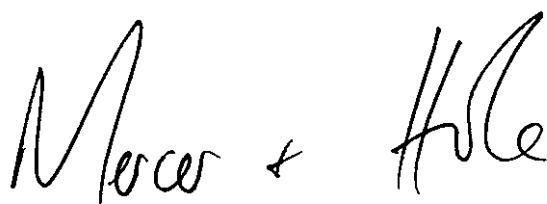
**BASIS OF OPINION**

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 as to whether 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.

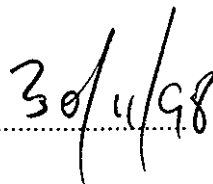
**OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



.....  
**Mercer & Hole**  
**Chartered Accountants**  
**Registered Auditors**  
**Milton Keynes**

Date signed: .....



**THE ATP ACADEMY LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 1998**

	Notes	1998 £	1997 £
<b>TURNOVER</b>	2	2,978,247	1,608,505
Cost of sales		2,006,013	991,149
<b>GROSS PROFIT</b>		972,234	617,356
Administrative expenses		773,538	490,060
<b>OPERATING PROFIT</b>	3	198,696	127,296
Investment income and interest receivable	4	3,200	-
Interest payable and similar charges	5	(530)	(911)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		201,366	126,385
Tax on profit on ordinary activities	7	(65,109)	(46,211)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		136,257	80,174
Dividends	8	(30,000)	(34,000)
Transfers to and from reserves		6,328	8,437
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		112,585	54,611
<b>RETAINED PROFIT / (ACCUMULATED LOSS) BROUGHT FORWARD</b>		44,516	(10,095)
<b>RETAINED PROFIT CARRIED FORWARD</b>		157,101	44,516

**Continuing operations**

None of the company's activities were acquired or discontinued during the above two financial years.

The notes on pages 8 to 16 form part of these financial statements.

**THE ATP ACADEMY LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 30 JUNE 1998**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Profit for the financial year after taxation	136,257	80,174
<b>TOTAL RECOGNISED GAINS RELATING TO THE YEAR</b>	<b>136,257</b>	<b>80,174</b>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 30 JUNE 1998**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>201,366</b>	<b>126,385</b>
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	6,328	8,437
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>207,694</b>	<b>134,822</b>
Historical cost profit for the year retained after taxation, minority interests, dividends and transfers from reserves	112,585	54,611

The notes on pages 8 to 16 form part of these financial statements.

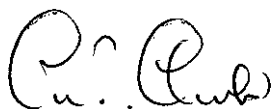


**THE ATP ACADEMY LIMITED****BALANCE SHEET  
AT 30 JUNE 1998**

	Notes	£	1998 £	£	1997 £
<b>FIXED ASSETS</b>					
Intangible assets	9		140,000		160,000
Tangible assets	10		182,126		169,601
			<u>322,126</u>		<u>329,601</u>
<b>CURRENT ASSETS</b>					
Debtors	11	1,148,318		144,680	
Cash at bank and in hand		<u>16,154</u>		<u>256,188</u>	
		1,164,472		400,868	
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(1,101,939)</u>		<u>(450,608)</u>	
<b>NET CURRENT ASSETS / (LIABILITIES)</b>			62,533		(49,740)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>384,659</u>		<u>279,861</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13		-		(3,601)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14		<u>(8,573)</u>		<u>(6,431)</u>
<b>NET ASSETS</b>			<u>376,086</u>		<u>269,829</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		200,000		200,000
Revaluation reserve	16		18,985		25,313
Profit and loss account			<u>157,101</u>		<u>44,516</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	17		<u>376,086</u>		<u>269,829</u>

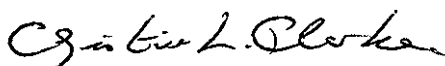
Approved by the board of directors on 30th November 1998 and signed on its behalf by:

C K Clarke



) Directors

C L Clarke



The notes on pages 8 to 16 form part of these financial statements.

## **THE ATP ACADEMY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998**

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#### **1. STATEMENT OF ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention modified to include the revaluation of equipment and are in accordance with applicable accounting standards.

##### **Cash flow**

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

##### **Turnover**

Turnover represents the total invoice value, excluding value added tax, of services rendered during the year.

##### **Goodwill**

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separate net assets. Goodwill is amortised through the profit and loss account over the directors' estimate of its estimated economic life of 10 years.

##### **Depreciation of tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Short leasehold land and buildings	Over the term of the lease
Training equipment	15% or 25% reducing balance
Office furniture and equipment	15% reducing balance
Motor vehicles	15% or 25% reducing balance

##### **Leasing and hire purchase commitments**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

##### **Pension costs**

The pension scheme is a small self administered scheme which is administered externally. The scheme is a money purchase scheme, with contributions being charged to the profit and loss account when incurred. There are no prepayments or accruals relating to the pension scheme.

#### **2. TURNOVER**

Turnover is attributable to the one principal activity of the company which arose wholly in the United Kingdom.

**THE ATP ACADEMY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1998****3. OPERATING PROFIT**

<b>Operating profit</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>After charging:</b>		
Depreciation of fixed assets	35,188	33,606
Amortisation of intangible assets	20,000	20,000
Auditors' remuneration	2,932	2,000
Hire of equipment	10,323	9,216
Operating lease rentals		
Land and buildings	44,550	18,800

**4. INVESTMENT INCOME AND INTEREST RECEIVABLE**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>Interest received and receivable</b>		
Bank interest	3,200	-

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Lease finance charges and hire purchase interest	530	911

**6. INFORMATION ON DIRECTORS AND EMPLOYEES**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>Staff costs</b>		
Wages and salaries	341,027	241,727
Social security costs	33,922	22,000
Other pension costs	23,590	6,375
Other costs	8,015	6,901
	406,554	277,003

**THE ATP ACADEMY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1998****6. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)**

	<b>1998 No.</b>	<b>1997 No.</b>
The average number of employees during the year was made up as follows:		
Administration	5	4
Training	3	2
Domestic	11	9
Maintenance	3	2
	<u>22</u>	<u>17</u>

	<b>1998 £</b>	<b>1997 £</b>
<b>Directors' emoluments</b>		
Remuneration for management services	94,605	91,576
Pension contributions to money purchase schemes	21,000	6,375
	<u>115,605</u>	<u>97,951</u>

	<b>1998 No.</b>	<b>1997 No.</b>
The number of directors to whom retirement benefits are accruing under the following types of pension schemes in respect of qualifying services:		
Money purchase	<u>2</u>	<u>2</u>

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>1998 £</b>	<b>1997 £</b>
The taxation charge comprises:		
UK corporation tax at 27.73% (1997 - 28%)	60,072	43,300
Transfer to deferred tax	2,142	2,911
Adjustment in respect of prior years	2,895	-
	<u>65,109</u>	<u>46,211</u>

**THE ATP ACADEMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1998**

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**8. DIVIDENDS PAID OR PROPOSED**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
On ordinary shares:		
Dividend paid	30,000	34,000
	<u>30,000</u>	<u>34,000</u>

**9. INTANGIBLE FIXED ASSETS**

	<b>Goodwill</b>
	<b>£</b>
<b>Cost:</b>	
At 1 July 1997 and at 30 June 1998	200,000
<b>Amortisation:</b>	
At 1 July 1997	40,000
Charge for year	20,000
At 30 June 1998	60,000
<b>Net book value:</b>	
At 30 June 1998	140,000
At 30 June 1997	160,000

**THE ATP ACADEMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1998**

**10. TANGIBLE FIXED ASSETS**

	Property improvement	Training equipment	Office furniture and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>(a) Cost or valuation:</b>					
At 1 Jul. 97	7,988	163,072	30,082	20,200	221,342
Additions	5,535	6,090	16,200	19,888	47,713
At 30 Jun. 98	13,523	169,162	46,282	40,088	269,055
<b>Depreciation:</b>					
At 1 Jul. 97	510	37,847	6,717	6,667	51,741
Charge for year	968	22,601	5,242	6,377	35,188
At 30 Jun. 98	1,478	60,448	11,959	13,044	86,929
<b>Net book value:</b>					
At 30 Jun. 98	12,045	108,714	34,323	27,044	182,126
At 30 Jun. 97	7,478	125,225	23,365	13,533	169,601
				<b>1998</b>	<b>1997</b>
				£	£
<b>(b) Analysis of net book value of land and buildings:</b>					
Short leasehold				12,045	7,478

Included above are assets held under finance leases or hire purchase contracts as follows:-

	1998	1997
	£	£
Net book values:		
Motor vehicles	-	12,120
Depreciation charge for the year:		
Motor vehicles	-	3,805

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

**THE ATP ACADEMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1998**

**10. TANGIBLE FIXED ASSETS - (continued)**

A flight training device which is included in training equipment above was revalued in an earlier period. The valuation was done by the directors and was on the basis of market value.

	£
On a historical cost basis: Cost	5,000
Accumulated depreciation b/f	2,188
Depreciation charge for the year	703
	-----
Net book value at 30 June 1997	2,109
	=====

**11. DEBTORS**

	1998 £	1997 £
Trade debtors	530,864	136,180
Director's current account	9,770	-
Amounts owed by group undertakings	584,364	-
ACT recoverable	-	8,500
Other debtors	23,320	-
	-----	-----
	1,148,318	144,680
	=====	=====

The maximum amount outstanding on the director's loan account was at the year end date.

**12. CREDITORS: amounts falling due within one year**

	1998 £	1997 £
Net obligations under finance leases and hire purchase contracts	-	3,059
Trade creditors	55,696	10,254
Amounts owed to other group undertakings	498,735	33,075
Corporation tax	60,072	43,300
Advanced corporation tax	-	8,500
Other taxes and social security costs	24,275	35,980
Other creditors	405,453	169,940
Accruals and deferred income	57,708	146,500
	-----	-----
	1,101,939	450,608
	=====	=====

**THE ATP ACADEMY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1998**

**13. CREDITORS: amounts falling due after more than one year**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	-	3,601

**14. DEFERRED TAXATION**

	<b>Fully provided</b>	
	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Deferred tax is calculated at 27.7% (1997 - 28%) analysed over the following timing differences:		
On the excess of capital allowances over depreciation	8,573	6,431

	<b>1998</b>
	<b>£</b>
The movements in deferred taxation are as follows:	
At 1 July 1997	6,431
Transferred from profit and loss account	2,142
At 30 June 1998	8,573

**15. SHARE CAPITAL**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>Authorised:</b>		
<b>Equity interests:</b>		
Ordinary shares of £1	300,000	300,000
<b>Allotted, called up and fully paid:</b>		
<b>Equity interests:</b>		
Ordinary shares of £1	200,000	200,000



**THE ATP ACADEMY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1998****16. REVALUATION RESERVE**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Balance at beginning of year	25,313	33,750
Released during the year	(6,328)	(8,437)
Balance at end of year	<u>18,985</u>	<u>25,313</u>

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	136,257	80,174
Dividends	(30,000)	(34,000)
Net addition to shareholders' funds	<u>106,257</u>	<u>46,174</u>
Opening shareholders' funds	269,829	223,655
Closing shareholders' funds	<u>376,086</u>	<u>269,829</u>
<b>Represented by:-</b>		
Equity interests	<u>376,086</u>	<u>269,829</u>

**18. CONTINGENT LIABILITIES**

There is a multilateral guarantee with the Midland Bank Plc between the company, CTC Aviation Services Ltd and CTC Aviation Group plc.

## **THE ATP ACADEMY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998**

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#### **19. REVENUE COMMITMENTS**

At year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	-	-	1,819	-
More than one year and less than five years	7,050	7,050	-	7,207
More than five years	50,000	39,787	-	-
	<u>57,050</u>	<u>46,837</u>	<u>1,819</u>	<u>7,207</u>

#### **20. RELATED PARTY DISCLOSURES**

During the year the following consultancy and training services were provided by businesses with which the Group's directors are associated:

<b>Directors associated</b>		
		<b>£</b>
Midlands Aero Surveys Ltd	E T Wild	9,178
MFK Aviation Ltd	M Knowles	29,653
Penn Aviation Services Ltd	N Pennington	25,775

The company also paid rent of £37,500 to CTC Aviation Group plc Retirement Death Benefit Scheme.

Transactions with the parent company and fellow subsidiaries are not disclosed as the details are included in the consolidated financial statements.

#### **21. ULTIMATE PARENT COMPANY**

The ultimate parent company is CTC Aviation Group plc, a company incorporated in England.