

**Eastern Airways (UK) Limited**

**Directors' report and financial  
statements**

**Registered number 03468489**

**31 December 2011**

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## **Company information**

<b>Directors</b>	Global Aviation Holdings Limited P&B Investment Holdings Limited Magnificent Obsessions Limited Mr R Lake Mr B Huxford
<b>Secretaries</b>	Mr J Derbyshire Mr M Adamson
<b>Company number</b>	03468489
<b>Registered office</b>	Charter House 56 High Street Sutton Coldfield B72 1UJ
<b>Auditors</b>	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
<b>Business address</b>	Schiphol House Humberside International Airport Kirmington DN39 6YH
<b>Bankers</b>	Santander UK Plc Santander Corporate Banking 44 Merrion Street Leeds LS2 8JQ  NatWest Bank PLC 39 Grimsby Road Cleethorpes Lincolnshire DN35 7GB
<b>Solicitors</b>	Eversheds 1 Royal Standard Place Nottingham NG1 6FZ

## **Directors' report**

The directors present the annual report and audited financial statements for the year ended 31 December 2011

### **Principal activity and business review**

The principal activity of the company continues to be the operation of airline services

#### **Business review**

The results of the company for the year ended 31 December 2011 are as disclosed in the attached financial statements. The company is a subsidiary of Eastern Airways (Europe) Limited and the performance is reviewed on a group basis and is set out below

The group continues to provide scheduled airline services, charter and ACMI operations, to Domestic and European destinations for which it enjoys an excellent reputation for operational reliability. The group is a major support and logistics provider to the oil industry.

At the period end the group operated a mixed fleet of 17 Jetstream 41 aircraft, 8 Saab 2000 aircraft and 3 ERJ 135/145 aircraft which allows for considerable flexibility in matching demand to capacity in both the scheduled airline and charter markets.

A review of scheduled routes was carried out in the year with some less profitable routes ceased and replaced with new routes. Turnover increased by 18% from the previous year with increases in both scheduled and charter operations. Load factors have also increased over 2010 largely as a result of the changes undertaken in the year.

During the year the group took the opportunity to make additional voluntary repayments of £2,000,000 from its bank loans which are reflected in the cash flow statement. The cash balance at the prior year end included foreign currency proceeds of \$6,000,000 from sale of aircraft from a related party. This cash was converted into sterling and transferred back to the related party in January 2011 (see note 12) resulting in a net cash outflow to the group.

On 26 June 2012, the group put in place new banking facilities with Santander UK plc.

#### **Principal risks and uncertainties**

The key financial risks and uncertainties facing the company are set out below. The directors feel the group has a good mix of business activities and is well-balanced to handle the risks and uncertainties that it may face.

The directors believe the key areas of risk facing the company are:

##### *Environmental and government legislation*

There continues to be uncertainty in the airline industry regarding taxation levied on domestic travel. The directors believe that due to the group's investment in fuel efficient turbo-prop aircraft Eastern would enjoy a competitive advantage over the rest of the industry.

##### *Fuel prices*

During the year fuel prices remained volatile and were on average higher than the previous year. The group has used fuel hedges to mitigate the risk where appropriate in previous years but not in the current year.

The price of oil continues to be a risk for the group. However due to the fuel efficient nature of the turbo-prop aircraft used by Eastern the proportionate cost of fuel to other operating costs is significantly lower than the industry average.

##### *Currency movements*

A large proportion of aircraft parts, leasing, fuel and other costs are priced in US dollars. The group matches some revenues and costs to reduce this risk. There is an exposure to US dollar movements above the natural hedge and the group has in the past used forward contracts to manage this risk.

## **Directors' report** *(continued)*

### **Dividends**

Dividends of £3,000,000 been made in the year to 31 December 2011 (2010 £nil)

### **Political and charitable contributions**

Charitable contributions totalling £12,186 were made during the year (2010 £6,981)

### **Directors**

The directors who served during the period were

Global Aviation Holdings Limited  
P&B Investment Holdings Limited  
Magnificent Obsessions Limited  
Mr R Lake  
Mr B Huxford

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

On behalf of the board



**Richard Lake**  
*Director*

### **Registered Office**

Charter House  
56 High Street  
Sutton Coldfield  
B72 1UJ

Dated 26 September 2012

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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



## **Independent auditors' report to the members of Eastern Airways (UK) Limited**

We have audited the financial statements of Eastern Airways (UK) Limited for the year ended 31 December 2011 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

**Philip Charles** (Senior Statutory Auditor)

*for and on behalf of KPMG LLP, Statutory Auditor*  
Chartered Accountants  
St Nicholas House

Park Row  
Nottingham NG1 6FQ

Dated 26 September 2012

**Profit and loss account**  
*for the year ended 31 December 2011*

	<i>Note</i>	<b>2011 £000</b>	<b>2010 £000</b>
<b>Turnover</b>	<b>2</b>	<b>72,715</b>	61,569
Cost of sales		<b>(49,261)</b>	(43,850)
<b>Gross profit</b>		<b>23,454</b>	17,719
Administrative expenses		<b>(19,238)</b>	(15,459)
<b>Operating profit</b>		<b>4,216</b>	2,260
Loss on disposal of fixed assets		<b>(459)</b>	(9)
Interest receivable and similar income	<i>5</i>	<b>13</b>	-
Interest payable and similar charges	<i>6</i>	<b>(297)</b>	(691)
<b>Profit on ordinary activities before taxation</b>	<b>7</b>	<b>3,473</b>	1,560
Tax on profit on ordinary activities	<i>8</i>	<b>(1,007)</b>	(677)
<b>Profit on ordinary activities after taxation</b>	<b>17</b>	<b>2,466</b>	883

There were no recognised gains or losses in either the current or preceding periods other than those disclosed in the profit and loss account

In both the current and preceding periods, the company made no material acquisitions and had no discontinued operations



**Balance sheet**  
*at 31 December 2011*

	<i>Note</i>	<b>2011</b>	<b>2010</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Investments	9	4	4
Tangible assets	10	2,435	2,808
		<u>2,439</u>	<u>2,812</u>
<b>Current assets</b>			
Stock	11	1,787	1,720
Debtors	12	15,307	12,102
Cash at bank and in hand		1,535	5,329
		<u>18,629</u>	<u>19,151</u>
<b>Creditors, amounts falling due within one year</b>	13	<u>(13,896)</u>	<u>(13,974)</u>
<b>Net current assets</b>		<u>4,733</u>	<u>5,177</u>
<b>Total assets less current liabilities</b>		<u>7,172</u>	<u>7,989</u>
<b>Creditors, amounts falling due after more than one year</b>	14	(778)	(809)
<b>Provisions for liabilities and charges</b>	15	(248)	(500)
<b>Net assets</b>		<u>6,146</u>	<u>6,680</u>
<b>Capital and reserves</b>			
Called up share capital	16	501	501
Profit and loss account	17	5,645	6,179
<b>Shareholders' funds</b>	18	<u>6,146</u>	<u>6,680</u>

These financial statements were approved by the Board of Directors on 26 September 2012 and signed on its behalf by



**Richard Lake**  
*Director*

Registered number 03468489

## **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 standards and under the historical cost accounting rules

#### ***Going concern***

As at the year end, bank loans of approximately £4 million are provided to the group by Kaupthing, Singer & Friedlander ('KSF') to which administrators were appointed in October 2008. The administrators have continued to provide the facilities to the group throughout the period and as at the year end the debt was due for repayment on 31 August 2012 and so is classified as due within one year

However, on 26 June 2012, the group agreed new banking facilities with Santander UK plc mainly committed for 5 years

The directors have prepared trading and cash flow forecasts for a period in excess of 12 months following the date of approval of these financial statements. The forecasts indicate appropriate cash and covenant headroom based upon the new facilities agreed on 26 June 2012. On this basis the directors are of the opinion that the company and the group have adequate resources to trade in an orderly fashion for the foreseeable future and accordingly adopt the going concern basis in preparing these financial statements

#### ***Cash flow statement***

Under FRS 1 'Cash Flow Statements (Revised 1996)', the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary

#### ***Tangible fixed assets and depreciation***

Depreciation is provided to write off tangible fixed assets to their estimate residual value by equal instalments over their estimated useful economic lives as follows

Portable buildings	- 7% per annum
Fixtures, fittings and equipment	- 15-25% per annum
Motor vehicles	- 8-33% per annum
Aircraft rotables	- 5-10% per annum from the date of acquisition to estimated residual value
Aircraft improvements	- over the shorter of the life or remaining lease period of the relevant aircraft

Aircraft improvements include directly attributable finance costs in relation to the interest incurred on loans undertaken to finance the improvements in the period of their availability

#### ***Leased assets***

Annual rentals payable or receivable under operating leases are charged or credited to the profit and loss account on a straight line basis over the lease term, unless another systematic and more rational basis is appropriate

#### ***Stocks***

Stocks are valued at the lower of cost and net realisable value including provision for obsolescence

#### ***Foreign currencies***

Transactions denominated in foreign currency are translated into sterling at the exchange rate ruling at the dates of the transactions, except where a transaction is to be settled at a contracted rate, when that rate is used. Monetary assets and liabilities denominated in foreign currency are translated into sterling at the exchange rate ruling at the balance sheet date. Differences arising on translation are transferred to the profit and loss account

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred Tax'.

A deferred tax asset is recognised to the extent that it is regarded as recoverable. Provision is made at rates of taxation anticipated to be in force when the timing differences are expected to reverse.

#### *Turnover*

Turnover represents flown revenue from scheduled services, freight and other activities net of value added tax and Airport Passenger Duties.

Ticket sales are recorded as current liabilities in a 'forward sales' account and are included in creditors, within deferred income, until recognised as revenue when transportation occurs. Unused tickets are recognised as revenue when the right to travel expires which is determined by the terms and conditions of the ticket.

All other revenue streams are recognised at the point of fulfilling the service or the date at which the right to receive consideration occurs.

### 2 Analysis of turnover

It is the view of the directors that all activities of the company fall within one class of business, that of airline operator.

Analysis of turnover by geographical area

	2011 £000	2010 £000
Within the British Isles	63,474	56,383
Between British Isles and Europe and Europe to Europe travel	9,241	5,186
	<u>72,715</u>	<u>61,569</u>

Turnover within the British Isles comprises revenue from domestic flights. Turnover between the British Isles and Europe comprises revenue from inbound and outbound flights between the British Isles and Europe and Europe to Europe travel.

The activities of the company are managed and administered on a central basis within the British Isles. As a result it would not be possible to provide a meaningful analysis of the operating results and net assets of the company on a route by route basis. Consequently the operating results and net assets of the company are not shown across the geographical areas defined.

## Notes (continued)

### 3 Remuneration of directors

	2011 £000	2010 £000
<i>Directors' emoluments consist of</i>		
Remuneration for management services	280	180

No retirement benefits were accruing for directors in either the current or prior period

The aggregate emoluments of the highest paid director were £180,000 (2010 £180,000). At the year end accrued pension benefits amounted to £nil (2010 £nil)

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees 2011	2010
Administration	76	65
Operations	270	217
	346	282

The aggregate payroll costs of these persons were as follows

	2011 £000	2010 £000
Wages and salaries	9,022	6,847
Social security costs	895	669
	9,917	7,515

### 5 Interest receivable and similar income

	2011 £000	2010 £000
On Inter-company loans	13	-

### 6 Interest payable and similar charges

	2011 £000	2010 £000
On bank loans and overdrafts	68	53
On intercompany loans	-	350
Other interest	17	100
Other net exchange losses	212	188
	297	691

## Notes (continued)

### 7 Profit on ordinary activities before taxation

	2011 £000	2010 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation	569	753
Loss on disposal of fixed assets	(459)	(9)
Operating lease rentals to non group companies - aircraft	4,200	3,122
Operating lease rentals to group companies - aircraft	7,486	7,074
	<u>          </u>	<u>          </u>
<i>Auditors' remuneration</i>		
	2011 £000	2010 £000
Audit of these financial statements	30	30
	<u>          </u>	<u>          </u>

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's immediate parent Eastern Airways (Europe) Limited and ultimate parent Eastern Airways International Limited

Included with the profit on ordinary activities are non-recurring items of £nil (2010 £574,000) in relation to the following costs

	2011 £000	2010 £000
Costs incurred during disruption from ash cloud	-	574
	<u>          </u>	<u>          </u>

During April 2010, the airline experienced severe disruption following the shut-down of the UK and European airspace following the volcanic eruption in Iceland. The company incurred losses through refunds of revenue following the shut-down and costs for re-accommodation of passengers.

### 8 Taxation on profit on ordinary activities

	2011 £000	2010 £000
<b>a) Analysis of charge in the period</b>		
<i>UK corporation tax</i>		
UK corporation tax at 26.5% (2010 28%)	1,126	447
Payment for group relief	-	144
Under provision in prior period	133	191
	<u>          </u>	<u>          </u>
<b>Total current tax (note 8(b))</b>	1,259	782
	<u>          </u>	<u>          </u>
<i>Deferred tax</i>		
Reversal of timing differences	(195)	(159)
Change in tax rate	(24)	-
Adjustment in respect of prior periods	(33)	54
	<u>          </u>	<u>          </u>
<b>Deferred tax (note 15)</b>	(252)	(105)
	<u>          </u>	<u>          </u>
<b>Total tax charge</b>	1,007	677
	<u>          </u>	<u>          </u>

## Notes (continued)

### 8 Taxation on profit on ordinary activities (continued)

#### b) Factors affecting the current tax charge for the year

The current tax charge is higher (2010 higher) than the standard rate of corporation tax in the UK of 26.5% (2010 28%)

	2011 £000	2010 £000
Profit on ordinary activities before tax	3,473	1,560
Corporation tax at 26.5% (2010 28%)	920	437
<i>Effects of</i>		
Expenses not deductible for tax purposes	11	7
Depreciation in excess of capital allowances	195	147
Under provision in prior periods	133	191
Current tax charge for the period	1,259	782

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax liability at 31 December 2011 (which has been calculated based on the rate of 25% substantively enacted at the balance sheet date).

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

### 9 Fixed asset investments

	2011 £000	2010 £000
Investment in The Professional Darts Corporation Limited (0.6%)	4	4

The investment is held at cost but given the success of the PDC the directors are confident the market value of the shares is significantly in excess of the original cost.

## Notes (continued)

### 10 Tangible fixed assets

	Portable buildings £000	Aircraft improve- ments £000	Aircraft rotables £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
<b>Cost</b>						
At 1 January 2011	184	1,601	1,593	2,266	368	6,012
Additions	-	51	41	527	51	670
Disposals	-	-	(566)	-	(35)	(601)
At 31 December 2011	184	1,652	1,068	2,793	384	6,081
<b>Accumulated depreciation</b>						
At 1 January 2011	108	797	254	1,797	248	3,204
Charge for year	13	276	16	224	40	569
Disposals	-	-	(107)	-	(20)	(127)
At 31 December 2011	121	1,073	163	2,021	268	3,646
<b>Net book value</b>						
At 31 December 2011	63	579	905	772	116	2,435
At 31 December 2010	76	804	1,339	469	120	2,808

### 11 Stocks

	2011 £000	2010 £000
Aircraft held for resale	-	758
Consumable stocks	1,701	833
Other	86	129
	<u>1,787</u>	<u>1,720</u>

### 12 Debtors

	2011 £000	2010 £000
Trade debtors	2,762	1,062
Amounts owed by group undertakings	9,936	8,674
Other debtors	1,367	1,727
Prepayments and accrued income	1,242	639
	<u>15,307</u>	<u>12,102</u>

## Notes (continued)

### 13 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Bank loans	339	616
Trade creditors	6,803	4,774
Corporation tax	1,717	447
Taxation and social security	16	215
Other creditors	516	153
Amounts due to related parties (note 22)	-	3,540
Accruals and deferred income	4,505	4,229
	<u>13,896</u>	<u>13,974</u>

Loans of £1,117,000 (2010 £1,425,000) are repayable in equal monthly instalments and are secured on aircraft held by Air Kilroe Limited, a fellow subsidiary. Interest is charged at between 2% - 3% above LIBOR.

The group has an overdraft facility which is secured by a debenture incorporating a fixed and floating charge over the assets of the group.

The bank loans and overdraft are subject to a cross guarantee arrangement including Eastern Airways (Europe) Limited and Air Kilroe Limited as described in note 22.

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

	2011 £000	2010 £000
Bank loans	778	809
<i>Repayments fall due as follows</i>		
Less than one year	339	616
Between one and two years	338	342
Between two and five years	440	467
	<u>1,117</u>	<u>1,425</u>

### 15 Provisions for liabilities and charges

#### Movement on deferred taxation

	2011 £000	2010 £000
Opening balance	500	605
Credit to profit and loss account (note 8)	(252)	(105)
At 31 December	<u>248</u>	<u>500</u>
Difference between accumulated depreciation and capital allowances	<u>248</u>	<u>500</u>



## Notes (continued)

### 16 Called up share capital

	2011 £000	2010 £000
<i>Allotted, called up and fully paid</i>		
Equity 501,000 Ordinary shares of £1 each	<b>501</b>	501

### 17 Profit and loss account

	2011 £000	2010 £000
Opening balance	6,179	5,296
Profit for the financial period	2,466	883
Dividends paid	(3,000)	-
At 31 December	<b>5,645</b>	6,179

### 18 Reconciliation of movements in shareholders' funds

	2011 £000	2010 £000
Profit for the financial period	2,466	883
Dividends paid	(3,000)	-
(Net reduction in)/addition to shareholders' funds	(534)	883
Opening shareholders' funds	6,680	5,797
Closing shareholders' funds	<b>6,146</b>	6,680

### 19 Commitments

#### a) Capital commitments

At 31 December 2011, contracts for capital commitments amounted to £nil (2010 £nil)

#### b) Annual commitments under non-cancellable operating leases are as follows

Other	2011 £000	2010 £000
<i>Operating leases which expire</i>		
Within one year	245	136
In the second to fifth years inclusive	2,878	2,415
After fifth year	-	-
	<b>3,123</b>	2,551

## Notes (continued)

### 20 Post balance sheet events

Following the year end, on 26 June 2012 the Eastern Airways (Europe) Limited group terminated its financing agreement with Kaupthing, Singer & Friedlander ('KSF'). On the same date, the Eastern Airways (Europe) Limited group became party to a financing agreement with Santander UK Plc (see note 1)

### 21 Contingencies

The company, together with its subsidiaries, is part of a group for arranging borrowing requirements and has cross guarantees for facilities as set out in note 22

### 22 Related party disclosures and ultimate controlling parties

The company has taken advantage of the exemption contained within FRS 8 'Related Party Disclosures' and has therefore not disclosed transaction or balances with entities which form part of the group

The ultimate controlling parties are Messrs R Lake and B Huxford who each have a 50% (2010 50%) interest in the share capital of the ultimate parent undertaking, Eastern Airways International Limited. During the year the company and related entities completed a reorganisation to simplify the group structure and the company became a wholly owned subsidiary of Eastern Airways International Limited. Throughout this period the company has been subject to cross guarantees under the banking arrangements with KSF for the borrowings of the wider group. The amounts outstanding to KSF by the wider group and subject to the guarantees as at 31 December 2011 are £12,689,000 (2010 £15,435,000)

Former shareholders in Eastern Airways (Europe) Limited are Magnificent Obsessions Limited and P & B Investments Limited, which are controlled by R Lake and B Huxford respectively. The individual company financial statements of Magnificent Obsessions Limited and P & B Investment Holdings Limited can be obtained from Charter House, 56 High Street, Sutton Coldfield, B72 1UL.

The transactions with these related parties are as follows

	<b>2011</b>	2010
	<b>£000</b>	£000
Management charge payable to Magnificent Obsessions Limited	<b>100</b>	-
Management charge payable to P & B Investment Holdings Limited	<b>180</b>	180
	<u>          </u>	<u>          </u>
At 31 December balance due to/(from)		
Magnificent Obsessions Limited	-	59
P & B Investment Holdings Limited	<b>13</b>	13
	<u>          </u>	<u>          </u>