

Company Registration No. 4524973 (England and Wales)

AIRLINE RECRUITMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004



## **AIRLINE RECRUITMENT LIMITED**

### **COMPANY INFORMATION**

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**Directors** C K Clarke (Chairman)  
S N Billett  
R J Wren

**Secretary** J D Lambert

**Company number** 4524973

**Registered office** Dibden Manor  
Dibden  
Southampton  
Hampshire  
SO45 5TD

**Auditors** Mercer & Hole  
Silbury Court  
420 Silbury Boulevard  
Central Milton Keynes  
MK9 2AF

**Business address** Dibden Manor  
Dibden  
Southampton  
Hampshire  
SO45 5TD

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**AIRLINE RECRUITMENT LIMITED**

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## **AIRLINE RECRUITMENT LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2004**

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The directors present their report and financial statements for the year ended 30 June 2004.

#### **Principal activities and review of the business**

The principal activity of the company is that of services to the aviation industry.

The company provides pilots to the airline industry, purchasing aviation training services from other CTC group companies (see note 10).

The revenue and training costs accounting policy (as stated in note 1) recognises these items in the profit and loss account only upon a pilot's employment with an airline.

During the year 89 pilots were placed in employment giving rise to turnover of £2,165,400 and the number in training at the year end totalled 142.

#### **Directors**

The following directors have held office since 1 July 2003:

C K Clarke (Chairman)

S N Billett

D M McRobert

(Resigned 25 May 2004)

R J Wren

#### **Directors' interests**

As explained in note 9, complete control of the company was acquired by CTC Aviation Group plc on 25 May 2004. Prior to this date, the company was owned by CTC McAlpine Limited (later renamed CTC Aviation Training (UK) Limited), which was in turn owned by CTC Aviation Group plc and McAlpine Aviation Training Limited (the ultimate parent company of which is Newarthill Plc). C K Clarke and S N Billett are directors of CTC Aviation Group plc. D M McRobert is, and R J Wren was, a director of McAlpine Aviation Training Limited. Please refer to the financial statements of these companies for the directors' interests.

#### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Mercer & Hole be reappointed as auditors of the company will be put to the Annual General Meeting.

**AIRLINE RECRUITMENT LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2004**

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**Directors' responsibilities**

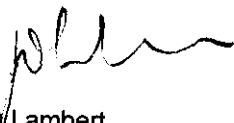
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



J D Lambert

Secretary

*25 April 2005*

## **AIRLINE RECRUITMENT LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AIRLINE RECRUITMENT LIMITED**

We have audited the financial statements of Airline Recruitment Limited on pages 4 to 8 for the year ended 30 June 2004. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor's 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 the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 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 the company's affairs as at 30 June 2004 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 Auditor

25/4/05

*Mercer & Hole*

Silbury Court  
420 Silbury Boulevard  
Central Milton Keynes  
MK9 2AF

**AIRLINE RECRUITMENT LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2004**

	Notes	2004 £	2003 £
<b>Turnover</b>		2,165,400	243,800
<b>Cost of sales</b>		(2,165,400)	(243,800)
<b>Gross loss</b>		-	-
<b>Administrative expenses</b>		577	(696)
<b>Operating profit/(loss)</b>		577	(696)
Other interest receivable and similar income		20,730	-
Interest payable and similar charges		(12)	-
<b>Profit/(loss) on ordinary activities before taxation</b>		21,295	(696)
Tax on profit/(loss) on ordinary activities	2	-	-
<b>Profit/(loss) on ordinary activities after taxation</b>	8	21,295	(696)

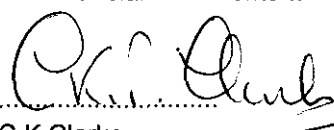
# AIRLINE RECRUITMENT LIMITED

## BALANCE SHEET AS AT 30 JUNE 2004

	Notes	2004 £	£	2003 £	£
<b>Current assets</b>					
Stock		3,620,990		374,726	
Debtors	3	494,616		1,149,634	
Cash at bank and in hand		1,832,615		905,188	
		<u>5,948,221</u>		<u>2,429,548</u>	
<b>Creditors: amounts falling due within one year</b>	4	<u>(3,257,018)</u>		<u>(2,430,243)</u>	
<b>Total assets less current liabilities</b>			2,691,203		(695)
<b>Creditors: amounts falling due after more than one year</b>	5		(2,494,860)		-
<b>Provisions for liabilities and charges</b>	6		<u>(175,743)</u>		-
			<u>20,600</u>		<u>(695)</u>
<b>Capital and reserves</b>					
Called up share capital	7		1		1
Profit and loss account	8		20,599		(696)
<b>Shareholders' funds/(deficit)</b>			<u>20,600</u>		<u>(695)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 25 April 2005

  
C K Clarke  
Chairman



# AIRLINE RECRUITMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

#### 1.2 Turnover

Training revenue and training costs are recognised in the financial statements upon cadet employment with an airline.

#### 1.3 Stock

Stock represents costs of training in progress. These are the costs of training pilots who have not yet completed their training to enable them to be placed in employment with an airline.

#### 1.4 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### 1.5 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has taken advantage of the exemption in section 228 of the Companies Act 1985 and has not prepared group accounts on the grounds that it is included in the consolidated accounts of CTC Aviation Group plc, a company incorporated in England, on a joint venture basis.

### 2 Taxation

On the basis of these financial statements no provision has been made for corporation tax.

### 3 Debtors

	2004 £	2003 £
Trade debtors	377,651	602,818
Other debtors	116,965	546,816
	<u>494,616</u>	<u>1,149,634</u>

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

	2004 £	2003 £
Trade creditors	52,759	706,352
Other creditors	3,204,259	1,723,891
	<u>3,257,018</u>	<u>2,430,243</u>

**AIRLINE RECRUITMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2004**

<b>5 Creditors: amounts falling due after more than one year</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Other creditors	2,494,860	-

<b>6 Provisions for liabilities and charges</b>	<b>Other</b>
	<b>£</b>
Balance at 1 July 2003	-
Profit and loss account	175,743
Balance at 30 June 2004	175,743

<b>7 Share capital</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
1 Ordinary shares of £1 each	1	1

<b>8 Statement of movements on profit and loss account</b>	<b>Profit and loss account</b>
	<b>£</b>
Balance at 1 July 2003	(696)
Retained profit for the year	21,295
Balance at 30 June 2004	20,599

**9 Control**

On 25 May 2004 CTC Aviation Group plc acquired complete control of the company. Prior to this the company was owned by CTC McAlpine Limited (later renamed CTC Aviation Training (UK) Limited), which until 25 May 2004 was in turn owned by CTC Aviation Group plc and McAlpine Aviation Training Limited (the ultimate parent company of which is Newarthill Plc). The company was accounted for on a joint venture basis in these companies as profits and control were split equally. Both parent companies are incorporated in England.

## AIRLINE RECRUITMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2004

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#### 10 Related party transactions

During the year the company had transactions with the following related parties :

CTC McAlpine Limited (later renamed CTC Aviation Training (UK) Limited)

CTC McAlpine Limited owned 100% of the share capital of the company until 25 May 2004 and was a fellow subsidiary along with Airline Recruitment Limited of CTC Aviation Group plc after this date.

The company made purchases of £2,981,220 (2003: £513,500) from CTC McAlpine Limited for aviation training services. The company made sales of £2,465 (2003: £Nil) to CTC McAlpine Limited.

The balance owed to CTC Aviation Training (UK) Limited at the year end was £49,937 (2003: £57,869).

The balance owed from CTC Aviation Training (UK) Limited at the year end was £176,524 (2003: £Nil).

CTC Aviation Group plc

CTC Aviation Group plc owns 100% of the share capital of the company since 25 May 2004 as explained in note 9.

The company made purchases of £1,928,896 (2003: £630,950) from CTC Aviation Group plc for training services. The company made sales of £2,667 (2003: £Nil) to CTC Aviation Group plc.

The balance owed to CTC Aviation Group plc at the year end was £168,628 (2003: £646,191).

McAlpine Aviation Training Limited

The company made purchases of £28,380 (2003: £Nil) from McAlpine Aviation Training Limited for aviation training services. The company made sales of £16,315 (2003: £Nil) to McAlpine Aviation Training Limited.

The balance owed to McAlpine Aviation Training Limited at the year end was £2,040 (2003: £Nil).

Organizare Limited

The company received public relations advice and marketing services from Organizare Limited, a company under the control of a close family member of C K Clarke. The company purchased services of £Nil (2003: £667). The balance owed to Organizare Limited at the year end was £Nil (2003: £783).

All of the transactions above were carried out on a commercial basis.