

**S.BOARDMAN (AIR SERVICES) LIMITED
AND SUBSIDIARIES**

DIRECTORS

P.G. Bartlett - Chairman
D.W. Cantrell - Joint Managing Director
M.R. Jackson - Joint Managing Director
P.T. Judge
R. Bateman
L.H. Thornton
D.R. Norris

SECRETARY

P.T. Judge

REGISTERED OFFICE

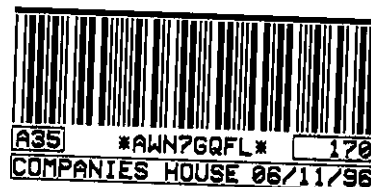
Kingsway House
1-3 Evans Avenue
Watford, WD2 6EX

REGISTERED NUMBER

932138 (England & Wales)

REPORT AND ACCOUNTS 31 MARCH 1996

Pages	1-2	Report of the directors
	3	Report of the auditors
	4	Group profit and loss account
	5	Group balance sheet
	6	Company balance sheet
	7	Group cashflow statement
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**S.BOARDMAN (AIR SERVICES) LIMITED
REPORT OF THE DIRECTORS**

The directors present their report and group accounts of the company for the year ended 31 March 1996.

PRINCIPAL ACTIVITIES

The group's principal activities during the year were air cargo and shipping agents.

REVIEW OF BUSINESS

A summary of the results of the year's trading is given on page 4 of the accounts.

Turnover has increased during the year by 17.9% to £17,055,411. The directors consider the profit achieved on ordinary activities before taxation to be particularly satisfactory in the light of difficult trading conditions.

The directors are confident of achieving increased turnover and profits in the 1996-97 financial year.

DIVIDENDS

A dividend of £25,000 was paid during the year.

DIRECTORS

The directors who held office in the year and their beneficial interests in the issued ordinary share capital at the beginning and end of the year were as follows:

P.G. Bartlett	16000
D.W. Cantrell	3000
M.R. Jackson	3000
P.T. Judge	3000
R. Bateman	-
L.M. Thornton	-
D.R. Norris	- (appointed 1 January 1996)

DIRECTORS' RESPONSIBILITIES

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;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- 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.

S.BOARDMAN (AIR SERVICES) LIMITED
REPORT OF THE DIRECTORS
(Continued)


FIXED ASSETS

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the accounts.

AUDITORS

The auditors, Feldman & Feldman, will continue in office in accordance with Section 386 of the Companies Act 1985.

Signed on behalf of the board


.....P G Bartlett - Director
Approved by the board

Date: 26 October 1996

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
S.BOARDMAN (AIR SERVICES) LIMITED**

We have audited the accounts on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1, the company's directors are responsible for the preparation of 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

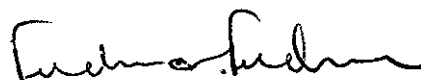
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements by the directors 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.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 March 1996 and of the profit and cashflow for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

FELDMAN & FELDMAN
ACCOUNTANTS
Kingsway House
1-3 Evans Avenue
Watford, WD2 6EX



REGISTERED AUDITORS

31 October 1996

**S.BOARDMAN (AIR SERVICES) LIMITED
AND SUBSIDIARIES
GROUP PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 1996**

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
TURNOVER	2	17055411	14460234
Direct cost		(15638084)	(13101599)
GROSS PROFIT		1417327	1358635
Administrative expenses		(1287808)	(1218627)
OPERATING PROFIT	3	129519	140008
(Loss) Profit on disposal of assets		(268)	705
Bank interest receivable		26035	17245
Bank interest payable		(959)	(212)
PROFIT on ordinary activities before taxation		154327	157746
TAXATION	6	(37836)	(36092)
PROFIT on ordinary activities after taxation		116491	121654
DIVIDEND	7	(25000)	(25000)
RETAINED PROFIT for the financial year		91491	96654
RETAINED PROFIT at 1 April 1995		662538	565884
RETAINED PROFIT at 31 March 1996	8	754029	662538

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


The Group has no recognised gains or losses other than the profit or loss for the above two financial years.

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

**S.BOARDMAN (AIR SERVICES) LIMITED
AND SUBSIDIARIES
GROUP BALANCE SHEET - 31 MARCH 1996**

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
FIXED ASSETS			
Intangible assets	9	11287	11287
Tangible assets	10(a)	161053	146244
Investment in associated undertaking	12	20	20
		<hr/>	<hr/>
		172360	157551
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	13	1643102	1685717
Cash at bank and in hand		640636	509334
		<hr/>	<hr/>
		2283738	2195051
CREDITORS: amounts falling due within one year	14	1668028	1643946
		<hr/>	<hr/>
NET CURRENT ASSETS		615710	551105
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		788070	708656
		<hr/>	<hr/>
CREDITORS: amounts falling due after more than one year			
Bank loan	15	-	5208
Hire purchase		9041	15910
		<hr/>	<hr/>
		9041	21118
		<hr/>	<hr/>
		<hr/>	<hr/>
		779029	687538
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	16	25000	25000
Profit and loss account		754029	662538
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	17	779029	687538
		<hr/>	<hr/>

Signed on behalf of the board

 P G Bartlett - Director
Approved by the board


Date: 26 October 1996

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

S. BOARDMAN (AIR SERVICES) LIMITED
BALANCE SHEET - 31 MARCH 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
FIXED ASSETS			
Tangible assets	10(b)	122240	114566
Shares in group undertakings	11	30500	30500
Investment in associated undertaking	12	20	20
		<hr/>	<hr/>
		152760	145086
CURRENT ASSETS			
Debtors	13	1600797	1601012
Cash at bank and in hand		607038	477316
		<hr/>	<hr/>
		2207835	2078328
CREDITORS: amounts falling due within one year	14	1847895	1733181
		<hr/>	<hr/>
NET CURRENT ASSETS		359940	345147
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		512700	490233
		<hr/>	<hr/>
CREDITORS: amounts falling due after more than one year			
Bank loan	15	-	5208
Hire purchase		3211	13787
		<hr/>	<hr/>
		3211	18995
		<hr/>	<hr/>
		509489	471238
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	16	25000	25000
Profit and loss account		484489	446238
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	17	509489	471238
		<hr/>	<hr/>

Signed on behalf of the board

.......... P G Bartlett - Director
 Approved by the board

Date: 25 October 1996

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

**S. BOARDMAN (AIR SERVICES) LIMITED
AND SUBSIDIARIES
GROUP CASHFLOW STATEMENT
YEAR ENDED 31 MARCH 1996**

NET CASH (OUTFLOW) INFLOW	<u>1996</u> £	<u>1995</u> £
OPERATING ACTIVITIES		
Operating profit	129519	140008
Depreciation	47859	40982
Decrease (Increase) in debtors	37419	(247793)
Increase in creditors	65070	162017
	<hr/> 279867	<hr/> 95214
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Interest receivable	26035	17245
Interest payable	(959)	(212)
Dividends paid	(25000)	(25000)
	<hr/> 76	<hr/> (7967)
TAXATION		
Corporation tax paid	(32164)	(40107)
INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(93533)	(90979)
Sale of tangible fixed assets	30598	29600
	<hr/>	<hr/>
NET CASH (OUTFLOW) INFLOW	<hr/> 184844	<hr/> (14239)
FINANCING		
Hire purchase due after more than one year	6869	(5314)
Bank loan due after more than one year	5208	(5208)
Increase (Decrease) in cash and cash equivalents during the year (Note 18)	172767	(3717)
	<hr/> 184844	<hr/> (14239)

**S. BOARDMAN (AIR SERVICES) LIMITED
AND SUBSIDIARIES
NOTES TO THE ACCOUNTS - 31 MARCH 1996**

1. ACCOUNTING POLICIES**(a) Basis of accounting**

The accounts have been prepared under the historical cost convention.

(b) Consolidation

The consolidated accounts incorporate the accounts of the company and all of its subsidiaries.

(c) Turnover

Turnover represents the invoiced amounts of services provided during the year, stated net of VAT.

(d) Tangible fixed assets

Depreciation is provided, on the reducing balance basis, at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	-	15%
Fixtures and fittings	-	15%
Motor vehicles	-	25%

(e) Leases

Rentals paid under operating leases are charged to income as incurred.

(f) Deferred taxation

No provision has been made for deferred taxation as the directors are of the opinion that no liability will arise in the foreseeable future.

(g) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

(h) Pension costs

Contributions in respect of the Group's pension schemes are charged to the profit and loss account for the year in which they are paid.

2. TURNOVER AND GROUP PROFIT

The turnover and group profit on ordinary activities before taxation is attributable to the principal activities of the group.

All turnover relates to the United Kingdom.

**S.BOARDMAN (AIR SERVICES) LIMITED
AND SUBSIDIARIES
NOTES TO THE ACCOUNTS - 31 MARCH 1996
(continued)**

3. GROUP OPERATING PROFIT

	<u>1996</u>	<u>1995</u>
	£	£
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	47859	40982
Hire of equipment	14827	14208
Staff costs (Note 4)	782467	748070
Auditors remuneration	16950	12000
	<hr/>	<hr/>

4. STAFF COSTS

	<u>1996</u>	<u>1995</u>
	£	£
Wages and salaries	413030	421083
Directors emoluments (Note 5)	296812	260144
Social security costs	66856	60943
Other pension costs	5769	5900
	<hr/>	<hr/>
	782467	748070
	<hr/>	<hr/>

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

	<u>1996</u>	<u>1995</u>
Office and management	36	36
	<hr/>	<hr/>

5. DIRECTORS EMOLUMENTS

Emoluments excluding pension contributions:

	<u>1996</u>	<u>1995</u>
	£	£
Chairman	48835	43300
	<hr/>	<hr/>
Highest paid director	-	44319
	<hr/>	<hr/>

Other directors fall within the following ranges:

	<u>Number</u>	<u>Number</u>
£10001 - £15000	1	-
£15001 - £20000	2	4
£20001 - £25000	2	-
£25001 - £30000	-	1
£30001 - £35000	2	-
	<hr/>	<hr/>

**S. BOARDMAN (AIR SERVICES) LIMITED
AND SUBSIDIARIES
NOTES TO THE ACCOUNTS - 31 MARCH 1996
(continued)**

6. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	<u>1996</u>	<u>1995</u>
	£	£
Corporation tax based on the adjusted results of the year	37813	37336
Prior year adjustment	23	(1244)
	<hr/>	<hr/>
	37836	36092
	<hr/>	<hr/>

7. DIVIDENDS

	<u>1996</u>	<u>1995</u>
	£	£
Paid on ordinary shares	£25000	£25000
	<hr/>	<hr/>

8. GROUP RETAINED PROFIT

	Holding Company	Subsidiaries	Group
	£	£	£
Balance brought forward	446238	216300	662538
Profit for the year	63251	53240	116491
	<hr/>	<hr/>	<hr/>
	509489	269540	779029
Dividend	(25000)	-	(25000)
	<hr/>	<hr/>	<hr/>
Balance carried forward	484489	269540	754029
	<hr/>	<hr/>	<hr/>

9. INTANGIBLE FIXED ASSETS

	<u>1996</u>	<u>1995</u>
	£	£
Goodwill on consolidation		
Premium on acquisitions	20699	20699
Less: Discount on acquisitions	(9412)	(9412)
	<hr/>	<hr/>
	11287	11287
	<hr/>	<hr/>

S.BOARDMAN (AIR SERVICES) LIMITED
AND SUBSIDIARIES
NOTES TO THE ACCOUNTS - 31 MARCH 1996
(continued)

10 (a).TANGIBLE FIXED ASSETS - GROUP

	Equipment fixtures & fittings	Motor vehicles	Total
	£	£	£
Cost			
At 1 April 1995	84083	187452	271535
Additions	4261	89272	93533
Disposals	-	(70335)	(70335)
At 31 March 1996	88344	206389	294733
Depreciation			
At 1 April 1995	44650	80641	125291
On disposals	-	(39470)	(39470)
Charge for the year	6553	41306	47859
At 31 March 1996	51203	82477	133680
Written down values			
At 31 March 1996	37141	123912	161053
At 31 March 1995	39433	106811	146244

S.BOARDMAN (AIR SERVICES) LIMITED
AND SUBSIDIARIES
NOTES TO THE ACCOUNTS - 31 MARCH 1996
(continued)

10 (b).TANGIBLE FIXED ASSETS - COMPANY

	Equipment fixtures & fittings	Motor vehicles	Total
	£	£	£
Cost			
At 1 April 1995	57323	142058	199381
Additions	4261	62485	66746
Disposals	-	(47366)	(47366)
At 31 March 1996	61584	157177	218761
Depreciation			
At 1 April 1995	29985	54830	84815
On disposals	-	(24828)	(24828)
Charge for the year	4739	31795	36534
At 31 March 1996	34724	61797	96521
Written down values			
At 31 March 1996	26860	95380	122240
At 31 March 1995	27338	87228	114566

**S.BOARDMAN (AIR SERVICES) LIMITED
AND SUBSIDIARIES
NOTES TO THE ACCOUNTS - 31 MARCH 1996
(continued)**

11.SHARES IN GROUP UNDERTAKINGS

	<u>1996</u>	<u>1995</u>
Shares at cost	£30500	£30500
	<hr/>	<hr/>

At the Balance Sheet date the investments comprised the following operating subsidiaries, all wholly owned and registered in England:

S. Boardman (Shippers) Ltd
S. Boardman Air Services (Northern) Ltd
S Boardman Air Services (Midlands) Ltd

12.INVESTMENT IN ASSOCIATED UNDERTAKING

	<u>1996</u>	<u>1995</u>
Shares at cost	£20	£20
	<hr/>	<hr/>

The company owns 20% of the issued share capital of South West Freight Services Limited, a company registered in England.

13.DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Trade debtors	1633259	1657314	1561825	1544249
Amounts due from group undertakings	-	-	30000	30000
Social security and other taxes	9077	21664	8206	20801
Other debtors	766	766	766	766
Prepayments	-	777	-	-
Corporation tax recoverable	-	5196	-	5196
	<hr/>	<hr/>	<hr/>	<hr/>
	1643102	1685717	1600797	1601012
	<hr/>	<hr/>	<hr/>	<hr/>

**S.BOARDMAN (AIR SERVICES) LIMITED
AND SUBSIDIARIES
NOTES TO THE ACCOUNTS - 31 MARCH 1996
(continued)**

**14.CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Trade creditors	1444929	1370793	1328970	1086593
Amounts owed to group undertakings	-	-	363026	481104
Hire purchase	17364	22560	10577	20033
Social security and other taxes	18019	20630	12973	13482
Directors' undrawn remuneration	48450	45450	41450	38450
Directors current account	25000	25000	25000	25000
Other creditors	1790	1790	1790	1790
Accruals	58661	62920	39608	42663
	<hr/>	<hr/>	<hr/>	<hr/>
	1614213	1549143	1823394	1709115
Bank loan and overdraft (note 15)	16002	57467	5438	6250
Corporation tax	37813	37336	19063	17816
	<hr/>	<hr/>	<hr/>	<hr/>
	1668028	1643946	1847895	1733181
	<hr/>	<hr/>	<hr/>	<hr/>

15.BANK LOANS AND OVERDRAFTS

The aggregate amount of bank loans and overdrafts was as follows:

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
(a) Falling due within one year				
Bank overdraft	10564	51217	-	-
Bank loan - current position	5438	6250	5438	6250
	<hr/>	<hr/>	<hr/>	<hr/>
	16002	57467	5438	6250
	<hr/>	<hr/>	<hr/>	<hr/>
(b) Falling due after more than one year				
Bank loan - repayable within five years	-	5208	-	5208
	<hr/>	<hr/>	<hr/>	<hr/>
Aggregate amounts	16002	62675	5438	11458
	<hr/>	<hr/>	<hr/>	<hr/>

S.BOARDMAN (AIR SERVICES) LIMITED
AND SUBSIDIARIES
NOTES TO THE ACCOUNTS - 31 MARCH 1996
(continued)

16.CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
Authorised		
50000 Ordinary shares of £1 each	£50000	£50000
	<hr/>	<hr/>
Allotted, issued and fully paid		
25000 Ordinary shares of £1 each	£25000	£25000
	<hr/>	<hr/>

17.SHAREHOLDERS' FUNDS

(a) Analysis of shareholders' funds

	<u>Group</u>	<u>Company</u>
	<u>1996</u>	<u>1995</u>
	<u>1996</u>	<u>1995</u>
Equity	£779029	£687538
	<hr/>	<hr/>

(b) Reconciliation of movements on shareholders' funds

	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Profit for the financial year after taxation	116491	121654	63251	72532
Dividends	(25000)	(25000)	(25000)	(25000)
	<hr/>	<hr/>	<hr/>	<hr/>
	91491	96654	38251	47532
Opening shareholders' funds at 1 April 1995	687538	590884	471238	423706
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds at 31 March 1996	779029	687538	509489	471238
	<hr/>	<hr/>	<hr/>	<hr/>

S.BOARDMAN (AIR SERVICES) LIMITED
AND SUBSIDIARIES
NOTES TO THE ACCOUNTS - 31 MARCH 1996
(continued)

18.ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	<u>1996</u> £	<u>1995</u> £
At 1 April 1995	451867	455584
At 31 March 1996	624634	451867
	<hr/>	<hr/>
Increase (Decrease) in cash and cash equivalents during the year	172767	(3717)
	<hr/>	<hr/>

19.BONDS AND INDEMNITIES

The company's bankers held a letter of charge over all monies with the bank at the balance sheet date as security for their guarantees in respect of group liabilities to Customs and Excise, provided for in the accounts.

20.GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Financial commitment under un-cancellable operating leases expiring after five years will result in the following payments falling due in the year to 31 March 1997.

	<u>Group</u>		<u>Company</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Land and buildings	£40000	£40000	£40000	£40000
	<hr/>	<hr/>	<hr/>	<hr/>

21.CONTINGENT LIABILITY

All the group undertakings have given unlimited cross guarantees in respect of bank borrowings.