

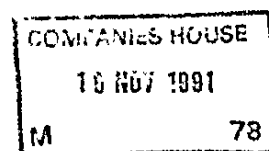
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JETAIR (UK) LIMITED & SUBSIDIARY  
(Formerly Jet Air (UK) Limited & Subsidiary)

GROUP FINANCIAL STATEMENTS

For the year ended 31st March 1990

FREEMAN & PARTNERS  
CHARTERED ACCOUNTANTS  
30 ST JAMES'S STREET  
LONDON SW1A 1HB



JETAIR (UK) LIMITED & SUBSIDIARY

INDEX

	<u>Page</u>
COMPANY INFORMATION	1
DIRECTORS REPORT	2 - 3
AUDITORS REPORT	4 - 5
CONSOLIDATED PROFIT & LOSS ACCOUNT	6
COMPANY PROFIT AND LOSS ACCOUNT	7
CONSOLIDATED BALANCE SHEET	8
COMPANY BALANCE SHEET	9
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS	10
NOTES TO THE ACCOUNTS	11 - 21

JETAIR (UK) LIMITED & SUBSIDIARYCOMPANY INFORMATION

DIRECTORS	J Silgado B Bettini A Hart
SECRETARY	Abogado Nominees Limited
REGISTERED OFFICE	Aldwych House Aldwych LONDON WC2B 4JP
REGISTERED NUMBER	1364154
DATE OF INCORPORATION	20th April 1978
AUDITORS	<u>Holding Company</u> Freeman & Partners Chartered Accountants 30 St James's Street LONDON SW1A 1HB  <u>Subsidiary Company</u> Cabinet Courmes 14 Rue de L'Abbaye 6 Eme Arrondissement 75006 Paris FRANCE
BANKERS	<u>Holding Company</u> Barclays Bank Plc Piccadilly Branch 160 Piccadilly LONDON W1A 2AB  <u>Subsidiary Company</u> Credit Commercial de France 103 Avenue Des Champs Elysees 75008 Paris FRANCE

JETAIR (UK) LIMITED & SUBSIDIARY

REPORT OF THE DIRECTORS

The directors present their report on the affairs of the holding company and its subsidiary together with the audited group financial statements for the year ended 31st March 1990.

Principal Activities

The principal activities of the group are those of acting as passenger sales agents for airlines and the provision of services within the travel industry.

Change of Name

On 28th February 1990, by Special Resolution, the company changed its name from Jet Air (UK) Limited to "Jetair (UK) Limited".

Results and Business Review

The results for the year are detailed on Page 6 and 7.

The directors are satisfied with the results for the year under review particularly in the light of the Board's efforts to build on the stabilised base of operations achieved over the past two years.

During the current year the Board has been engaged in consolidating the Group position and planning for further growth. However the unexpected turn of events in the Middle East and in particular the Gulf War has resulted in a scaling down of trading activities.

In the longer term the Board is optimistic about the Group's future prospects.

Dividends

The directors do not recommend the payment of a dividend for the year under review.

Fixed Assets

The movements in tangible fixed assets are set out in Note 9 on Pages 16 and 17 of the accounts.

JETAIR (UK) LIMITED & SUBSIDIARYREPORT OF THE DIRECTORSDirectors

The directors who served during the year to 31st March 1990 were as follows:-

	<u>Ordinary Shares</u> <u>of £1 each</u>	
	<u>31.03.1990</u>	<u>31.03.1989</u>
D Buckley (Resigned 30th June 1989)	-	-
A Hart	-	-
S Beidas	-	-
B Bettini	-	-

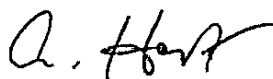
The directors do not hold any beneficial interest in the issued Share Capital of the company.

S Beidas resigned as a director on 31st January 1991 and J Silgado was appointed director with effect from 2nd February 1991.

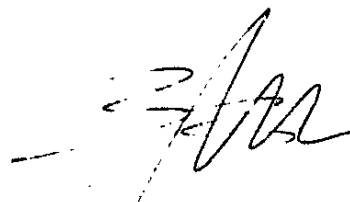
Auditors

Freeman & Partners acted as auditors of the holding company during the year under review and have expressed their willingness to continue in office. A resolution proposing their reappointment will be presented at the forthcoming Annual General Meeting.

By Order of the Board



Abogado Nominees Limited  
COMPANY SECRETARY



10th July 1991

JETAIR (UK) LIMITED & SUBSIDIARYREPORT OF THE AUDITORS

To the Members of Jetair (UK) Limited:

We have audited the financial statements set out on Pages 6 to 21 in accordance with Auditing Standards having regard to the matters referred to below:

1. THE HOLDING COMPANY : JETAIR (UK) LIMITED

- 1.1 As more fully explained in Note 10 of the Accounts the Holding Company made payments totalling £490,000 for its Tourism Project. In view of the long term nature of the project, the existence of foreign exchange controls, and the Company's dependence on the successful future outcome of the promotion of tours to India, in our opinion a full provision should be made for any contingent exchange losses and against the potential non recovery of monies advanced to the Indian company involved in the project, the amount of which was £490,000 at the Balance Sheet date.

If a provision were so recognised, the Company's Profit and Loss Account would show a deficit of £(211,465) and the Company's Net Assets would be reduced by £490,000 to £22,811.

- 1.2 Since the Balance Sheet date the Holding Company has advanced to its French Subsidiary, Bountiful SA, sums totalling £470,000, the recovery of which is uncertain particularly in view of the information shown under Notes 7(ii) and 18(ii) of the Accounts.

- 1.3 We have received assurances from the shareholders to the effect that further financial support will be made available to the company as required to cover its indebtedness to third parties and in particular that direct guarantees to Airline Principals and bankers will remain in force for the foreseeable future.

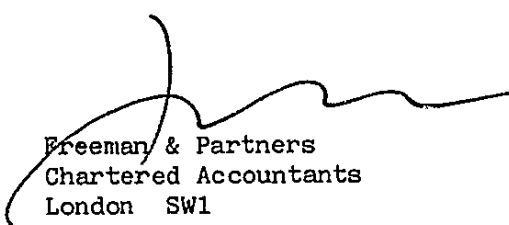
Subject to the foregoing, in our opinion the financial statements give a true and fair view of the state of affairs of the Holding Company at 31st March 1990 and of the Profit and Loss Account for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

JETAIR (UK) LIMITED & SUBSIDIARY

REPORT OF THE AUDITORS

2. THE GROUP : JETAIR (UK) LIMITED & SUBSIDIARY

Due to lack of sufficient accounting records at the Subsidiary, Bountiful SA, (as more fully explained in Notes 7(ii) and 18(ii) of the financial statements), we are unable to rely on the financial statements of the Subsidiary and consequently we are unable to form an opinion on the Group's Financial Statements for the year ended 31st March 1990.



Freeman & Partners  
Chartered Accountants  
London SW1

10th July 1991

JETAIR (UK) LIMITED & SUBSIDIARYCONSOLIDATED PROFIT AND LOSS ACCOUNTFor the year ended 31st March 1990

	<u>Note</u>	<u>1990</u> <u>£</u>	<u>1990</u> <u>£</u>	<u>1989</u> <u>£</u>
Turnover	1(b)		2,665,596	2,257,403
Operating Costs			(795,680)	(693,100)
<b>GROSS PROFIT</b>			<b>1,869,916</b>	<b>1,564,303</b>
Administration costs			(1,414,321)	(1,062,957)
			455,595	501,346
Interest paid	3		(2,421)	(2,585)
Exceptional items	4		(32,774)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5		<b>420,400</b>	<b>498,761</b>
Taxation	6		(172,137)	(201,095)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>			<b>248,263</b>	<b>297,666</b>
Extraordinary Items	7		(228,787)	-
<b>PROFIT FOR THE YEAR</b>			<b>19,476</b>	<b>297,666</b>
Balance brought forward		117,901		(196,690)
<u>Less: Capitalisation</u>	15	<u>(92,000)</u>		-
			25,901	(196,690)
Capital Reserve arising on consolidation			53,747	16,925
<b>BALANCE CARRIED FORWARD</b>	8		<b>£ 99,124</b>	<b>£ 117,901</b>

The notes on Pages 11 to 21 form an integral part of these accounts.



JETAIR (UK) LIMITED & SUBSIDIARYCOMPANY PROFIT AND LOSS ACCOUNTFor the year ended 31st March 1990

	<u>Note</u>	<u>1990</u> £	<u>1989</u> £
Turnover	1(b)	2,256,340	1,977,860
Operating Costs		(562,822)	(500,548)
<b>GROSS PROFIT</b>		<b>1,693,518</b>	<b>1,477,312</b>
Administration costs		(1,148,586)	(952,099)
		544,932	525,213
Interest paid	3	(1,640)	(410)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	<b>543,292</b>	<b>524,803</b>
Taxation	6	(172,137)	(201,095)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>371,155</b>	<b>323,708</b>
Extraordinary Items	7	(68,753)	-
<b>PROFIT FOR THE YEAR</b>		<b>302,402</b>	<b>323,708</b>
Balance brought forward		68,133	(255,575)
		370,535	68,133
Capitalisation of funds	15	(92,000)	-
<b>BALANCE CARRIED FORWARD</b>	8	<b>£ 278,535</b>	<b>£ 68,133</b>

The notes on Pages 11 to 21 form an integral part of these accounts.

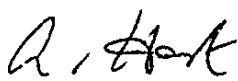
JETAIR (UK) LIMITED & SUBSIDIARYCONSOLIDATED BALANCE SHEETAs at 31st March 1990

	Note	£	£	1989
<b>FIXED ASSETS</b>				
Tangible assets	1(c)(d) & 9(a)		371,812	400,157
Intangible assets	1(g) & 10		490,000	490,000
			<u>861,812</u>	<u>890,157</u>
<b>CURRENT ASSETS</b>				
Debtors	12	926,019		564,367
Investments	1(e) & 13	24,060		325,546
Bank and cash balances	17(i)	1,989,171		2,702,762
		<u>2,939,250</u>		<u>3,592,675</u>
Creditors: Amounts falling due within one year	14	(3,467,662)		(4,222,655)
<b>NET CURRENT LIABILITIES</b>			<u>(528,412)</u>	<u>(629,980)</u>
<b>TOTAL NET ASSETS</b>			<u>£ 333,400</u>	<u>£ 260,177</u>
 Represented By:-				
<b>CAPITAL AND RESERVES</b>				
Called Up Share Capital	15		100,000	8,000
Asset Revaluation Reserve	16		134,276	134,276
Profit and Loss Account	8		99,124	117,901
<b>SHAREHOLDERS' FUNDS</b>			<u>£ 333,400</u>	<u>£ 260,177</u>

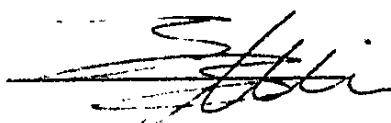
The notes on Pages 11 to 21 form an integral part of the accounts.

Approved by the Board

A Hart - Director



B Bettini - Director



10th July 1991

JETAIR (UK) LIMITED & SUBSIDIARYCOMPANY BALANCE SHEETAs at 31st March 1990

	<u>Note</u>	£	£	<u>1989</u>
<b>FIXED ASSETS</b>				
Tangible assets	1(c)(d)(h) & 9(b)		351,897	374,731
Intangible assets	1(g) & 10		490,000	490,000
Investments	1(e) & 11		1	68,754
			<u>841,898</u>	<u>933,485</u>
<b>CURRENT ASSETS</b>				
Debtors	12	599,948		328,503
Bank and Cash Balances	17(i)	1,988,792		2,611,389
		<u>2,588,740</u>		<u>2,939,892</u>
Creditors: Amounts falling due within one year	14	(2,917,827)		(3,662,968)
<b>NET CURRENT LIABILITIES</b>			<u>(329,087)</u>	<u>(723,076)</u>
<b>TOTAL NET ASSETS</b>			<u>£ 512,811</u>	<u>£ 210,409</u>
Represented By:-				
<b>CAPITAL AND RESERVES</b>				
Called Up Share Capital	15		100,000	8,000
Asset Revaluation Reserve	16		134,276	134,276
Profit and Loss Account	8		278,535	68,133
<b>SHAREHOLDERS' FUNDS</b>			<u>£ 512,811</u>	<u>£ 210,409</u>

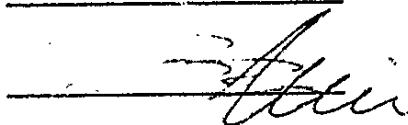
The notes on Pages 11 to 21 form an integral part of the accounts.

Approved by the Board

A Hart - Director



B Bettini - Director



10th July 1991

JETAIR (UK) LIMITED & SUBSIDIARYCONSOLIDATED STATEMENT OF SOURCE & APPLICATION OF FUNDS  
For the year ended 31st March 1990

	<u>Note</u>	£	£	<u>1989</u>
<b>SOURCE OF FUNDS</b>				
<u>Generated from Operations</u>				
Net profit before taxation			420,400	498,761
Adjustment for items not involving the movement of funds:-				
Depreciation		45,655		46,001
Gain on disposal of assets		-		(1,813)
Translation difference		(15,743)		22,094
			29,912	66,282
			450,312	565,043
<u>Other Sources</u>				
Disposal of assets			-	2,119
			450,312	567,162
<b>APPLICATION OF FUNDS</b>				
Purchase of fixed assets		(17,422)		(75,965)
Tax paid		(201,456)		(121,372)
Loan repaid		(500,000)		-
Extraordinary item	7(ii)	(160,034)		-
			(878,912)	(197,337)
			(428,600)	369,825
<u>Movement in Working Capital</u>				
(Increase)/Decrease in debtors		(361,652)		644,035
Decrease/(Increase) in investments		301,486		(190,817)
Increase in creditors		81,482		17,560
			21,316	470,778
			£ (407,284)	£ 840,603
<u>Movement in Net Liquid Funds</u>				
(Decrease)/Increase in cash balances			(714,349)	934,363
Decrease/(Increase) in bank overdraft			307,065	(93,760)
			£ (407,284)	£ 840,603

JETAIR (UK) LIMITED & SUBSIDIARYNOTES TO THE ACCOUNTSFor the year ended 31st March 1990**1. ACCOUNTING POLICIES****a. Convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of the leasehold property. The principal accounting policies which the directors have adopted within that convention are set out below.

**b. Turnover**

Turnover principally represents gross commissions receivable, exclusive of Value Added Tax, and interest income.

Turnover and profits by class of business have not been disclosed as in the opinion of the directors such disclosure would be prejudicial to the company's business.

Turnover is contributed by geographical analysis as follows:-

	<u>1990</u> £	<u>1989</u> £
United Kingdom	2,256,340	1,977,860
France	409,256	279,543
	<u>£ 2,665,596</u>	<u>£ 2,257,403</u>

**c. Depreciation**

Depreciation is provided for on a straight line basis at the following rates, so calculated as to write off the assets concerned over their useful working lives:-

	<u>Holding</u> <u>Company</u>	<u>Subsidiary</u> <u>Company</u>
Long Leasehold Property	1.22% p.a.	-
Equipment, Furniture & Fittings	20% p.a.	11.1% p.a.
Computer Equipment	50% p.a.	10% p.a.
Motor Vehicles	25% p.a.	25% p.a.

Depreciation for twelve months has been charged to the Profit and Loss Account in respect of all assets acquired during the year under review.

No adjustment has been made for the effect of using different rates of depreciation within the group for different classes of assets, as, in the directors' opinion, the relevant adjustment is not material.

JETAIR (UK) LIMITED & SUBSIDIARYNOTES TO THE ACCOUNTS1. ACCOUNTING POLICIES (Continued)

## d. Deferred Taxation

No provision has been made for deferred taxation as the directors have concluded that such a provision would not have a material effect on the financial statements.

## e. Investments

## (i) Valuation

Investments held as fixed and current assets are stated at cost except in so far as they have been written down as a result of a permanent diminution in value.

## (ii) Consolidation

In the consolidated accounts, shares in the Subsidiary Company are accounted for using the equity method of accounting. The consolidated profit and loss account includes the group's share of the pre-tax profits and attributable taxation of the subsidiary company based on the audited financial statements for the year ended 31st December 1989.

## f. Basis of Consolidation

Due to statutory requirements in France and in particular the requirement to hold an Annual General Meeting by the 30th June each year, the Subsidiary's Accounting Reference Date is 31st December. Except for defalcations by staff since the Balance Sheet date (See notes 7 & 18), there have been no other abnormal transactions in the Subsidiary's trading activities during the 3 months to 31st March 1990. Accordingly the group financial statements consolidate the qualified audited financial statements of the Subsidiary for the year ended 31st December 1989.

## g. Intangible Asset

This asset represents payments on account in respect of a long term Tourism Project undertaken by the company (See Note 10).

JETAIR (UK) LIMITED & SUBSIDIARYNOTES TO THE ACCOUNTS1. ACCOUNTING POLICIES (Continued)h. Foreign Exchange

Transactions of the UK company denominated in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Amounts receivable and payable in foreign currencies at the Balance Sheet date are translated at the rate ruling at that date.

The financial statements of the overseas subsidiary are translated into sterling at the closing rate method (net investment method). Exchange differences arising on the translation of the opening net investment at the closing rate are taken directly to reserves. All other translation differences are dealt with in the Profit and Loss Account.

2. STAFF COSTS (including directors)

	<u>The Group</u>		<u>The Company</u>	
	£	1989	£	1989
Salaries	685,296	553,249	528,706	431,333
Social Security Costs	123,018	92,588	53,149	43,567
	<u>£ 808,314</u>	<u>£ 645,837</u>	<u>£ 581,855</u>	<u>£ 474,900</u>

The average number of employees during the year under review was 44.

Directors

	<u>The Company</u>	
	£	1989
Emoluments paid to directors in respect of their services as directors	32,083	5,000
	<u>£ 32,083</u>	<u>£ 5,000</u>
Remuneration of Highest Paid Director	<u>£ 32,083</u>	<u>£ 5,000</u>

Scale of Directors Remuneration

£0 - £ 5,000	2	6
£70,001 - £35,000	1	1
	<u>1</u>	<u>1</u>

JETAIR (UK) LIMITED & SUBSIDIARYNOTES TO THE ACCOUNTS3. INTEREST PAID

	<u>The Group</u>		<u>The Company</u>	
	£	<u>1989</u>	£	<u>1989</u>
Bank overdraft interest	£ 2,421	£ 2,585	£ 1,640	£ 410

4. EXCEPTIONAL ITEMS

	<u>The Group</u>		<u>The Company</u>	
	£	<u>1989</u>	£	<u>1989</u>
Provision in respect of claim made by a trade creditor	32,774	-	-	-
Balance As At 31st March 1990	£ 32,774	£ -	£ -	£ -

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is arrived at after charging:-

	£	<u>1989</u>
Depreciation	48,356	46,001
Director's remuneration	32,083	5,000
Auditors' remuneration	17,500	18,000

6. TAXATION

## Provisions Made in the Year:-

	£	<u>1989</u>
UK Corporation tax at 35% based on the adjusted profits for the year	169,265	201,095
Adjustments relating to prior years	2,872	-
French Corporation tax (Note 17(ii))	-	-
	£ 172,137	£ 201,095



JETAIR (UK) LIMITED & SUBSIDIARYNOTES TO THE ACCOUNTS7. EXTRAORDINARY ITEMS

	<u>The Group</u>		<u>The Company</u>	
	£	1989	£	1989
(i) Provision for permanent diminution on investment in subsidiary (Note 11)	68,753	-	68,753	-
(ii) Loss of funds resulting from defalcations by former employees of the Subsidiary				
- to December 1989	104,094	-	-	-
- 3 Months to 31.03.1990	55,940	-	-	-
Balance As At 31st March 1990	<u>£ 228,787</u>	<u>£ -</u>	<u>£ 68,753</u>	<u>£ -</u>

The unreliability of the Subsidiary Company's accounting records, together with the matter referred to in Note 7(ii) above, are the subject of a qualification contained in the Audit Report of the Subsidiary's financial statements for the year ended 31st December 1989.

8. PROFIT AND LOSS ACCOUNT

	<u>The Group</u>		<u>The Company</u>	
	£	1989	£	1989
Balance as at 1st April 1989	100,976	(196,690)	68,133	(255,575)
Balance for the year	19,476	297,666	302,402	323,708
	<u>120,452</u>	<u>100,976</u>	<u>370,535</u>	<u>68,133</u>
Capitalisation of Reserves	(2,000)	-	(92,000)	-
	<u>28,452</u>	<u>100,976</u>	<u>278,535</u>	<u>68,133</u>
Capital Reserve on Consolidation	70,672	16,925	-	-
Balance As At 31st March 1990	<u>£ 99,124</u>	<u>£ 117,901</u>	<u>£ 278,535</u>	<u>£ 68,133</u>

JETAIR (UK) LIMITED & SUBSIDIARYNOTES TO THE ACCOUNTS9. FIXED ASSETS(a) GROUP

	<u>Long Leasehold Property</u>	<u>Equipment Furniture &amp; Fittings</u>	<u>Computer Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£	£
COST					
As at 1st April 1989	300,000	123,271	30,026	54,633	507,930
Additions	-	11,721	5,701	-	17,422
Disposals	-	(3,117)	-	(11,672)	(14,789)
As at 31st March 1990	<u>£ 300,000</u>	<u>£ 131,875</u>	<u>£ 35,727</u>	<u>£ 42,961</u>	<u>£ 510,563</u>

## DEPRECIATION

As at 1st April 1989	3,658	51,807	20,391	28,525	104,381
Charge for the year	3,658	22,501	8,756	10,740	45,655
Disposals	-	(257)	-	(11,028)	(11,285)
As at 31st March 1990	<u>£ 7,316</u>	<u>£ 74,051</u>	<u>£ 29,147</u>	<u>£ 28,237</u>	<u>£ 138,751</u>

## NET BOOK VALUE

As at 31st March 1990	<u>£ 292,684</u>	<u>£ 57,824</u>	<u>£ 6,580</u>	<u>£ 14,724</u>	<u>£ 371,812</u>
Balance brought forward	296,342	71,464	9,635	26,108	403,549
Translation adjustment	-	(2,656)	(659)	(77)	(3,392)
As at 31st March 1989	<u>£ 296,342</u>	<u>£ 68,808</u>	<u>£ 8,976</u>	<u>£ 26,031</u>	<u>£ 400,157</u>

JETAIR (UK) LIMITED & SUBSIDIARYNOTES TO THE ACCOUNTS9. FIXED ASSETS(b) COMPANY

	<u>Long Leasehold Property</u> £	<u>Equipment Furniture &amp; Fittings</u> £	<u>Computer Equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<b>COST</b>					
As at 1st April 1989	300,000	68,527	21,550	42,961	433,038
Additions	-	7,265	5,701	-	12,966
As at 31st March 1990	<u>£ 300,000</u>	<u>£ 75,792</u>	<u>£ 27,251</u>	<u>£ 42,961</u>	<u>£ 446,004</u>

**DEPRECIATION**

As at 1st April 1989	3,658	18,996	18,156	17,497	58,307
Charge for the year	<u>3,658</u>	<u>15,158</u>	<u>6,244</u>	<u>10,740</u>	<u>35,800</u>
As at 31st March 1990	<u>£ 7,316</u>	<u>£ 34,154</u>	<u>£ 24,400</u>	<u>£ 28,237</u>	<u>£ 94,107</u>

**NET BOOK VALUE**

As at 31st March 1990	<u>£ 292,684</u>	<u>£ 41,638</u>	<u>£ 2,851</u>	<u>£ 14,724</u>	<u>£ 351,897</u>
As at 31st March 1989	<u>£ 296,342</u>	<u>£ 49,531</u>	<u>£ 3,394</u>	<u>£ 25,464</u>	<u>£ 374,731</u>

JETAIR (UK) LIMITED & SUBSIDIARIESNOTES TO THE ACCOUNTS10. INTANGIBLE ASSET

PROMOTION OF TOURISM TO INDIA	<u>1990</u>	<u>1989</u>
Payments on account	490,000	490,000
Balance At 31st March 1990	<u>£ 490,000</u>	<u>£ 490,000</u>

In December 1984 the Company determined to expand its business to include the organising and promotion of tours to the Indian Sub-Continent. It signed an agreement, effective October 1985, with an Indian company to provide the required facilities in India. To assist and encourage that company to set up an infrastructure in India to accommodate and service the planned traffic of tourists, the company made payments on account totalling Indian Rupees 8,768,949 (£490,000) to the company in India for the project.

Under the terms of the agreement, £70,000 of the payments on account represent a security deposit for compliance with the terms of the agreement which is not refundable until the expiry of the contract or any continuance thereof. The earliest date at which any part of the balance of £420,000 may be offset against tourist income is 31st October 1990. No monies have been offset to date.

The present management of the Company see the commitment to the project as requiring the Company to promote tours to India, rather than organising its own tours. The Company is stepping up its efforts to fulfil its promotional commitment to the Indian company. Given the dependence for the recovery of the payments on account on the performance by the Company of its long term contractual commitment to the Indian company, and recognising the long term nature of the project, the directors of the Company accept that utilization of the payments made cannot be expected in the foreseeable future.

The company will pursue its efforts to promote tours to India so as to entitle full utilization of the payments on account made by the company as the agreement is expected to prove beneficial to the company in its India tours business.

JETAIR (UK) LIMITED & SUBSIDIARYNOTES TO THE ACCOUNTS11. INVESTMENTS

<u>Investment in Subsidiary Company (Bountiful SA)</u>	£	<u>1989</u>
Balance brought forward	68,754	68,754
<u>Less:</u> Provision for permanent diminution in value (Note 7)	68,753	-
Balance As At 31st March 1990	£ 1	£ 68,754

Bountiful SA, a company incorporated in France, is a wholly owned subsidiary of Jetair (UK) Limited. The principal activities of Bountiful SA are those of acting as passenger sales agents for airlines and the provision of services within the travel industry.

12. DEBTORS

	<u>The Group</u>		<u>The Company</u>	
	£	<u>1989</u>	£	<u>1989</u>
Trade debtors	700,467	459,953	508,445	295,327
<u>Less:</u> Provision for doubtful debts	-	(25,512)	-	(25,512)
	700,467	434,441	508,445	269,815
Sundry debtors & prepayments	225,552	129,926	91,503	58,688
	£ 926,019	£ 564,367	£ 599,948	£ 328,503

13. INVESTMENTS

	£	<u>The Group</u>	<u>1989</u>
Securities at Cost	£ 24,060		£ 325,546

At 31st December 1989 the market value of the quoted shares held by the Subsidiary Company was £24,271.

JETALF (UK) LIMITED & SUBSIDIARYNOTES TO THE ACCOUNTS14. CREDITORS: Amounts falling due within one year.

	<u>The Group</u>		<u>The Company</u>	
	<u>£</u>	<u>1989</u>	<u>£</u>	<u>1989</u>
Trade creditors	1,733,390	1,499,489	1,290,253	1,089,627
Sundry creditors & accruals	331,397	584,745	297,552	484,371
Unsecured loan account (See below)	102,880	-	102,880	-
Inland Revenue:-				
Corporation tax	161,208	204,734	161,208	190,528
PAYE & Social security costs	62,458	50,293	23,028	16,206
Bank overdraft	1,076,329	1,383,394	1,042,906	1,382,236
Short term loan	-	500,000	-	500,000
	<u>£3,467,662</u>	<u>£4,222,655</u>	<u>£2,917,827</u>	<u>£3,662,968</u>

The unsecured loan account which is interest free has been subordinated in favour of third party creditors.

15. SHARE CAPITAL

	<u>The Company</u>	
<b>Authorised</b>		
Ordinary Shares of £1 each	£ 250,000	£ 25,000
	=====	=====
<b>Issued and Fully Paid</b>		
Ordinary Shares of £1 each	£ 100,000	£ 8,000
	=====	=====

On 9th February 1990, by Ordinary Resolution, the company increased its Authorised Share Capital to £250,000 by the creation of 225,000 Ordinary Shares of £1 each ranking pari passu in all respects with existing shares.

On 28th February 1990, by Ordinary Resolution, and by a capitalisation of its Revenue Reserves, the company's Issued Share Capital was increased to £100,000 by the issue of a further 92,000 Ordinary Shares of £1 each. The company issued to existing members 23 bonus shares for every 2 shares held.

JETAIR (UK) LIMITED & SUBSIDIARYNOTES TO THE ACCOUNTS16. ASSET REVALUATION RESERVE

	£	1989
Long leasehold property	£ 134,276 =====	£ 134,276 =====

The leasehold property was last revalued on 31st March 1988. In the opinion of the directors this reflects the current market value of the property and accordingly no adjustment is considered necessary for the year under review.

17. CONTINGENT LIABILITIES(i) The Company

A bank guarantee of £40,000 issued for the security of ticket stock has been secured over monies held on medium term deposit with that bank.

(ii) The Subsidiary

An estimated French Corporation Tax Assessment dated 19th July 1990 amounting to 6,047,690 French Francs (£648,198) is the subject of an appeal, the outcome of which is uncertain.

18. POST BALANCE SHEET DATE(i) The Group

The current recession in the UK combined with events in the Middle East have resulted in a sharp and sudden decline in the level of air travel.

Consequently the Group's turnover has fallen, and whilst every effort has been made to minimise and control costs the Board expect to report substantial trading losses for the current year.

(ii) The Subsidiary

Since the Balance Sheet date there have been further defalcations by former employees of the Subsidiary totalling £194,738. The Holding Company has since the Balance Sheet date made available to the Subsidiary Company sums totalling £470,000 to finance its current operations.