

Registered number 1378919

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## AIR LOGISTICS (RUSSIA) LIMITED

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### DIRECTOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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**AIR LOGISTICS (RUSSIA) LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	C E Chapman (resigned 22/03/2006) Ms C A Norman (resigned 22/03/2006) P Brunet (appointed 22/03/2006)
<b>SECRETARY</b>	M Hemonnot
<b>COMPANY NUMBER</b>	1378919
<b>REGISTERED OFFICE</b>	Old Station Road Loughton Essex IG10 4PL
<b>AUDITORS</b>	Haslers Chartered Accountants & Registered Auditors Old Station Road Loughton Essex IG10 4PL

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**AIR LOGISTICS (RUSSIA) LIMITED**

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## AIR LOGISTICS (RUSSIA) LIMITED

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### DIRECTOR'S REPORT For the year ended 31 December 2005

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The director presents his report and the financial statements for the year ended 31 December 2005

#### STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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

In determining how amounts are presented within items in the profit and loss account and balance sheet, the director has had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice

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

#### DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were

	Ordinary shares of £1 each	
	<u>31/12/05</u>	<u>1/1/05</u>
C E Chapman (resigned 22/03/2006)	-	-
Ms C A Norman (resigned 22/03/2006)	-	-
P Brunet (appointed 22/03/2006)	-	-

#### AUDITORS

The auditors, Haslers, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

#### PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of general cargo sales agents for airlines and aircharter brokers

The company's name was changed on 27th January 2006 from Chapman Freeborn (Russia) Limited to Air Logistics (Russia) Limited

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**AIR LOGISTICS (RUSSIA) LIMITED**

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**DIRECTOR'S REPORT**  
**For the year ended 31 December 2005**

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This report was approved by the board on 14 August 2006 and signed on its behalf



**P Brunet**  
Director

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## **AIR LOGISTICS (RUSSIA) LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AIR LOGISTICS (RUSSIA) LIMITED**

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We have audited the financial statements of Air Logistics (Russia) Limited for the year ended 31 December 2005 set out on pages 5 to 10. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 DIRECTORS AND AUDITORS**

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Director's 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 other transactions is not disclosed.

We read the Director's 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 International Standards on Auditing (UK and Ireland) 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 judgments made by the director 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.

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**AIR LOGISTICS (RUSSIA) LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AIR LOGISTICS (RUSSIA) LIMITED**

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**OPINION**

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985



**Haslers**

Chartered Accountants  
Registered Auditors

Old Station Road  
Loughton  
Essex  
IG10 4PL

14 August 2006

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**AIR LOGISTICS (RUSSIA) LIMITED**

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**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2005**

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	Note	2005 £	2004 £
<b>TURNOVER</b>	1	<b>1,213,321</b>	<b>1,066,794</b>
Cost of sales		<u>(1,074,277)</u>	<u>(979,857)</u>
<b>GROSS PROFIT</b>		<b>139,044</b>	<b>86,937</b>
Selling and distribution costs		<u>(17,544)</u>	<u>(7,932)</u>
Administrative expenses		<u>(165,311)</u>	<u>(151,117)</u>
<b>OPERATING LOSS</b>	2	<b>(43,811)</b>	<b>(72,112)</b>
Interest receivable		<b>2,216</b>	<b>3,504</b>
Interest payable		<u>(2,209)</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(43,804)</b>	<b>(68,608)</b>
<b>TAX ON LOSS ON ORDINARY ACTIVITIES</b>	3	<b>(14,654)</b>	<b>9,731</b>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u><b>£ (58,458)</b></u>	<u><b>£ (58,877)</b></u>

The notes on pages 7 to 10 form part of these financial statements



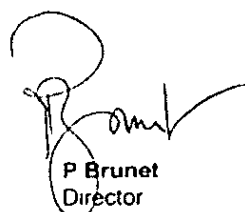
**AIR LOGISTICS (RUSSIA) LIMITED**

**BALANCE SHEET**  
As at 31 December 2005

	Note	2005	2004
		£	£
<b>FIXED ASSETS</b>			
Tangible fixed assets	4	2,319	2 011
<b>CURRENT ASSETS</b>			
Debtors	5	307,481	287,980
Cash at bank and in hand		185,213	279,221
		<u>492,694</u>	<u>567,201</u>
<b>CREDITORS</b> amounts falling due within one year	6	(715,719)	(731,460)
<b>NET CURRENT LIABILITIES</b>		<u>(223,025)</u>	<u>(164,259)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>£ (220,706)</u>	<u>£ (162,248)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	100	100
Profit and loss account	8	(220,806)	(162 348)
<b>SHAREHOLDERS' FUNDS</b>		<u>£ (220,706)</u>	<u>£ (162 248)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements were approved by the board on 14 August 2006 and signed on its behalf

  
P Brunet  
Director

The notes on pages 7 to 10 form part of these financial statements

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## AIR LOGISTICS (RUSSIA) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2005

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#### 1 ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of the parent company. The financial statements do not include any adjustments that would result if this support was not continued.

##### 1.2 Cash flow

The financial statements 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 the Financial Reporting Standard for Smaller Entities (effective January 2005).

##### 1.3 Turnover

Turnover comprises the invoiced value of services supplied by the company, exclusive of Value Added Tax and trade discounts.

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	25% straight line
Computer Equipment	-	25% straight line

##### 1.5 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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating loss.

#### 2 OPERATING LOSS

The operating loss is stated after charging

	2005	2004
	£	£
Depreciation of tangible fixed assets		
- owned by the company	2,365	1,730
Auditors' remuneration	2,000	5,000
	<u>          </u>	<u>          </u>

During the year, no director received any emoluments (2004 - £nil)

# AIR LOGISTICS (RUSSIA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2005

### 3 TAXATION

	2005 £	2004 £
<b>Analysis of tax charge/(credit) in year</b>		
UK corporation tax charge on profits of the year	14,654	-
Adjustments in respect of prior periods	-	(9,731)
<b>Total current tax</b>	<b>14,654</b>	<b>(9,731)</b>
<b>Tax on profit/(loss) on ordinary activities</b>	<b>£ 14,654</b>	<b>£ (9,731)</b>

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK applicable to the company

#### Factors that may affect future tax charges

The company has £89,000 of tax losses to be offset against future profits

### 4 TANGIBLE FIXED ASSETS

	Land and buildings £	Furniture, fittings and equipment £	Total £
<b>Cost</b>			
At 1 January 2005	-	14,703	14,703
Additions	1,300	1,372	2,672
At 31 December 2005	<b>1,300</b>	<b>16,075</b>	<b>17,375</b>
<b>Depreciation</b>			
At 1 January 2005	-	12,691	12,691
Charge for the year	325	2,040	2,365
At 31 December 2005	<b>325</b>	<b>14,731</b>	<b>15,056</b>
<b>Net book value</b>			
At 31 December 2005	<b>£ 975</b>	<b>£ 1,344</b>	<b>£ 2,319</b>
At 31 December 2004	<b>£ -</b>	<b>£ 2,011</b>	<b>£ 2,011</b>

**AIR LOGISTICS (RUSSIA) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2005

**5 DEBTORS**

	2005	2004
	£	£
Trade debtors	159,286	126,938
Amounts owed by group undertakings	146,417	156,566
Other debtors	1,778	4,476
	<u>£ 307,481</u>	<u>£ 287,980</u>

**6 CREDITORS**

Amounts falling due within one year

	2005	2004
	£	£
Bank loans and overdrafts	33	-
Trade creditors	304,834	294,987
Amounts owed to group undertakings	386,090	427,714
Corporation tax	409	-
Social security and other taxes	4,814	-
Other creditors	19,539	8,759
	<u>£ 715,719</u>	<u>£ 731,460</u>

**7 SHARE CAPITAL**

	2005	2004
	£	£
<b>Authorised</b>		
20,000 Ordinary shares of £1 each	<u>£ 20,000</u>	<u>£ 20,000</u>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>

**8 RESERVES**

<b>Profit and loss account</b>	£
At 1 January 2005	(162,348)
Loss retained for the year	(58,458)
	<u>£ (220,806)</u>
At 31 December 2005	

**9 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent company is World Freight Company Two S A S , a company based in France

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## **AIR LOGISTICS (RUSSIA) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS** **For the year ended 31 December 2005**

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#### **10 CONTINGENT LIABILITIES**

The company's bankers have given guarantees in favour of Lithuanian Airlines for US\$5,000, Polskie Linie Lotnicze S A for US\$10,000, Delta Airlines Inc for US\$170,000, Czech Airlines J S C for Euro 15,000, Air Malta for US\$2,000 and Turkish Airlines for US\$12,000

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

The company's share capital was acquired on the 22nd March 2006 by World Freight Company Two S A S , a company based in France

#### **12 RELATED PARTY TRANSACTIONS**

Related party transactions with other group companies are not disclosed as the group which includes the company prepares group accounts. Copies of the group financial statements of the parent company, Chapman Freeborn Holdings Limited, are available from Companies House, Crown Way, Cardiff CF14 3UZ

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**AIR LOGISTICS (RUSSIA) LIMITED**

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**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2005**

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	<b>Page</b>	<b>2005 £</b>	<b>2004 £</b>
<b>TURNOVER</b>	12	<b>1,213,321</b>	<b>1,066,794</b>
Cost of sales	12	<b>(1,074,277)</b>	<b>(979,857)</b>
<b>GROSS PROFIT</b>		<b>139,044</b>	<b>86,937</b>
<b>Gross profit %</b>		<b>11.5 %</b>	<b>8.1 %</b>
<b>Less OVERHEADS</b>			
Selling and distribution expenses	12	<b>(17,544)</b>	<b>(7,932)</b>
Administrative expenses	12	<b>(165,311)</b>	<b>(151,117)</b>
<b>OPERATING LOSS</b>		<b>(43,811)</b>	<b>(72,112)</b>
Interest receivable	13	<b>2,216</b>	<b>3,504</b>
Interest payable	13	<b>(2,209)</b>	<b>-</b>
<b>LOSS FOR THE YEAR</b>		<b>£ (43,804)</b>	<b>£ (68,608)</b>

**AIR LOGISTICS (RUSSIA) LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS**  
For the year ended 31 December 2005

	2005 £	2004 £
<b>TURNOVER</b>		
Sales	£ 1,213,321	£ 1,066,794
	2005 £	2004 £
<b>COST OF SALES</b>		
Direct costs	£ 1,074,277	£ 979,857
	2005 £	2004 £
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Fares and travelling	5,668	3,681
Motor expenses	11,876	4,251
	£ 17,544	£ 7,932
	2005 £	2004 £
<b>ADMINISTRATIVE EXPENSES</b>		
Auditors' remuneration	2,000	5,000
Staff salaries	79,890	61,648
Staff National Insurance	-	315
Staff training	661	-
Entertainment	284	1,513
Printing, postage and stationery	2,660	2,289
Telephone and fax	11,508	10,276
Computer costs	1,271	902
Advertising and promotion	705	-
Legal and professional	7,070	5,643
Bank charges	33	4,391
Bad debts	4,032	-
Sundry expenses	3,309	2,859
Rent	18,003	14,929
Administration charges	24,980	35,813
Insurances	2,105	3,412
Repairs and maintenance	4,435	397
Depreciation - computer equipment	2,365	1,730
	£ 165,311	£ 151,117

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**AIR LOGISTICS (RUSSIA) LIMITED**

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**SCHEDULE TO THE DETAILED ACCOUNTS**  
**For the year ended 31 December 2005**

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	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>INTEREST RECEIVABLE</b>		
Bank interest receivable	<b>2,216</b>	<b>1,155</b>
Other interest receivable	<b>-</b>	<b>2,349</b>
	<hr/>	<hr/>
	<b>£ 2,216</b>	<b>£ 3,504</b>
	<hr/>	<hr/>
	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>INTEREST PAYABLE</b>		
Bank overdraft interest payable	<b>£ 2,209</b>	<b>£ -</b>
	<hr/>	<hr/>