

EUROPEAN AVIATION AIR CHARTER LIMITED

FINANCIAL STATEMENTS

For the year ended 31st December 1999



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EUROPEAN AVIATION AIR CHARTER LIMITED

FINANCIAL STATEMENTS AND REPORTS

For the year ended 31st December 1999

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The following pages do not form part of the statutory accounts

Trading and Profit and Loss Account

**DIRECTORS AND OFFICERS
FOR THE YEAR ENDED 31ST DECEMBER 1999**

Directors:

P. G. Stoddart (Chairman)
W. A. O'Neill (Managing)
T. S. Fox (Resigned 30th June 2000)
T. S. Whetter
J. W. Lailey, A.C.M.A.
S. E. Aston, (Ms)
O. M. Wright
P. S. Craig
A. J. Miles (Appointed 1st April 2000)

Secretary:

J. W. Lailey, A.C.M.A.

Registered Office:

"Wolverton House",
14, Wolverton Road,
Dudley,
West Midlands,
DY2 7PL.

Auditors:

Poole Waterfield,
Registered Auditors and Accountants,
"Wolverton House",
14, Wolverton Road,
Dudley,
West Midlands,
DY2 7PL.

Bankers:

National Westminster Bank PLC.,
The Square,
5, Old Christchurch Road,
Bournemouth,
Dorset,
BH1 1DU.

Company Number:

2850499

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31st December 1999.

RESULTS AND DIVIDENDS

The results for the year after taxation, and appropriation thereof are as shown in the profit and loss account on page 4. The directors do not recommend a payment of a dividend on the issued share capital for the year under review.

BUSINESS REVIEW

The company's principal activity during the year continued to be that of air charter operators and the provision of aircraft maintenance services, incorporating the business previously carried on by its fellows subsidiary, European Aviation Maintenance Limited, whose assets, liabilities, and activities were taken over by the company on 1st January 1999.

Notwithstanding the introduction of a new aircraft type and increasingly difficult trading conditions the company has maintained its steady growth. The company remains vigilant with regard to the changing requirements of a difficult sector.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year, none of whom had interests in the share capital of the company, were:

P. G. Stoddart
W. A. O'Neill
T. S. Fox
T. S. Whetter
J. W. Lailey, A.C.M.A.
S. E. Aston, (Ms)
O. M. Wright
P. S. Craig

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;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * prepare the statements on a going concern basis unless it is inappropriate to presume 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.

REPORT OF THE DIRECTORS (CONTINUED)


FIXED ASSETS

The changes in fixed assets during the year are summarised in note 9 to the financial statements.

AUDITORS

A Resolution for the re-appointment of Poole Waterfield as auditors of the company will be placed before the Annual General Meeting.

By order of the board.


.....
P. G. Stoddart
Chairman

15th December 2000

We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention, and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

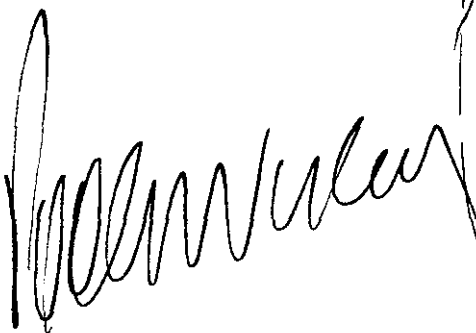
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 31st December 1999, and of its results and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A large, stylized handwritten signature in black ink, likely belonging to a representative of Poole Waterfield.

POOLE WATERFIELD
Registered Auditors

Dudley,
West Midlands.

18th December 2000

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1999**

	Note	1999 £	1998 £
TURNOVER	2	32,615,926	26,333,631
Cost of sales		20,103,821	16,813,085
		<hr/>	<hr/>
GROSS PROFIT		12,512,105	9,520,546
Net operating charges		9,917,165	7,425,129
		<hr/>	<hr/>
OPERATING PROFIT	3	2,594,940	2,095,417
Interest receivable and similar income	6	7,502	43,708
		<hr/>	<hr/>
		2,602,442	2,139,125
Interest payable and similar charges	7	67,263	21,754
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,535,179	2,117,371
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	8	786,632	390,731
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR	17	<u>1,748,547</u>	<u>1,726,640</u>

The notes on pages 7 to 17 form part of these financial statements.

CONTINUING OPERATIONS

The 1999 results include the company's acquisition of the trading activities of its fellow subsidiary European Aviation Maintenance Limited. This has resulted in the inclusion of income and costs relating to the provision of aircraft maintenance services. No other activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company does not have any recognised gains or losses other than the profit for the above two financial years.

BALANCE SHEET
AS AT 31ST DECEMBER 1999

	Note	£	1999 £	£	1998 £
FIXED ASSETS					
Tangible assets	9		1,821,195		1,920,401
CURRENT ASSETS					
Stocks	10	37,913		37,751	
Debtors	11	14,543,868		12,601,337	
Cash at bank and in hand		103,958		59,946	
			<u>14,685,739</u>	<u>12,699,034</u>	
CREDITORS: Amounts falling due within one year	12	10,579,798		10,228,131	
			<u>4,105,941</u>	<u>2,470,903</u>	
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,927,136</u>	<u>4,391,304</u>	
CREDITORS: Amounts falling due after more than one year	13	366,855		549,379	
PROVISION FOR LIABILITIES AND CHARGES	15	69,399		99,590	
			<u>436,254</u>	<u>648,969</u>	
NET ASSETS			<u><u>5,490,882</u></u>	<u><u>3,742,335</u></u>	
CAPITAL AND RESERVES					
Issued share capital	16		2		2
Revenue reserves	17		5,490,880		3,742,333
			<u>5,490,882</u>	<u>3,742,335</u>	
SHAREHOLDERS' FUNDS	18		<u><u>5,490,882</u></u>	<u><u>3,742,335</u></u>	

The notes on pages 7 to 17 form part of these financial statements.

Approved by the Board of Directors on 15th December 2000 and signed on their behalf by:

.....
P. G. Stoddart
 Chairman

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1999**

	Note	£	1999 £	£	1998 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	19		220,502		(406,532)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		7,502		43,708	
Interest paid		(67,263)		(21,754)	
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(59,761)		21,954
TAXATION					
Taxation		(677,574)		80,317	
NET TAX (PAID)/ADJUSTMENT			(677,574)		80,317
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Acquisition of fixed assets from fellow subsidiary		(508,947)		--	
Payments to acquire fixed assets		(83,625)		(413,599)	
Proceeds of sale of fixed assets		10,671		21,284	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(581,901)		(392,315)
FINANCING					
New short term loans and hire purchase contracts		97,537		778,250	
Repayment of capital element of hire purchase and loans		(260,583)		(86,636)	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING			(163,046)		691,614
DECREASE IN CASH BALANCES	20		<u>(1,261,780)</u>		<u>(4,962)</u>

The notes on pages 7 to 17 form part of these financial statements.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1999**

1 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements have remained unchanged from the previous year with the exception of the provisions of FRS12.

Basis of accounting

The accounts have been prepared in accordance with the historical cost convention and in accordance with Section 228, and Schedule 4 to, the Companies Act 1985.

The effect of events relating to the year ended 31st December 1999 before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31st December 1999, and of the results for the year ended on that date.

Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives on a straight line basis, using the following rates:-

Aircraft	20%
Motor vehicles	25%
Fixtures and fittings	At rates varying between 15% and 33.1/3%
Aircraft simulators	10%
Expenditure on leasehold buildings	4%

Stocks

Stocks are valued at the lower of cost and net realisable value.

Taxation

Tax losses are surrendered between wholly-owned trading subsidiaries and their immediate holding company in the accounting period in which the losses arise.

Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect that it is considered that a net liability may crystallise.

Foreign exchange

Transactions denominated in a foreign currency are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances at the year end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date. All differences are charged to the profit and loss account.

Leasing and hire purchase

Tangible fixed assets acquired under hire purchase and finance lease contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1999

1 ACCOUNTING POLICIES (CONTINUED)

Pension costs

The company operates a defined contribution group personal pension scheme which is contributory by all employees and directors who are members. Premiums payable are charged against revenue when paid.

2 TURNOVER

Turnover represents the net amounts invoiced during the year by the company.

Geographical analysis

	1999 £	1998 £
United Kingdom	30,273,864	22,247,280
Eire	1,147,159	2,112,069
Belgium	--	473,002
France	225,595	546,432
Holland	387,380	342,638
Germany	--	198,931
Norway	--	103,143
Spain	321,941	--
Other	259,987	310,136
	<hr/>	<hr/>
	32,615,926	26,333,631
	<hr/>	<hr/>

3 OPERATING PROFIT

This is stated after charging:

	1999 £	1998 £
Depreciation of owned fixed assets	583,469	659,782
Depreciation of assets subject to hire purchase or finance lease agreements	97,638	69,804
Directors' emoluments (Note 4)	456,223	445,703
Auditors' remuneration	18,000	18,000
Equipment hire	13,572	1,374
Aircraft leasing - Airframes	2,670,000	2,600,000
- Maintenance	1,980,000	--
Exchange rate variances	745	19,749
Loss on disposal of assets	--	147
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1999

4 DIRECTORS' REMUNERATION

	1999 £	1998 £
Emoluments:		
Management remuneration	417,417	411,088
Benefits in kind	24,026	22,121
Pension	14,780	12,494
	<u>456,223</u>	<u>445,703</u>

	1999 £	1998 £
Emoluments excluding pension contributions:-		
Chairmans emoluments	<u>25,000</u>	<u>25,000</u>
Highest paid directors emoluments	<u>85,859</u>	<u>80,595</u>

Two directors have waived their right to receive remuneration. (1998 - 1)

	Number of directors	
	1999	1998
Number of directors to whom retirement benefits are accruing under money purchase arrangements	<u>5</u>	<u>5</u>

5 STAFF COSTS

	1999	1998
The average number of persons employed by the company including directors	<u>303</u>	<u>207</u>

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1999

5 STAFF COSTS (CONTINUED)

The aggregate payroll costs of persons employed were:-

	1999 £	1998 £
Wages and salaries	7,577,570	4,484,988
Social security	758,906	435,059
Pension costs	195,811	107,450
	<u>8,532,287</u>	<u>5,027,497</u>

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	1999 £	1998 £
Bank interest	7,502	15,037
Interest from related company	--	28,671
	<u>7,502</u>	<u>43,708</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Interest payable – bank loans and overdrafts	--	1,596
Interest payable – other	1,157	8,821
Hire purchase interest	66,106	11,337
	<u>67,263</u>	<u>21,754</u>

8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
Corporation tax at 31%/30% (1998 – 31%)	749,168	747,417
Transfer of value of group tax losses	--	(300,000)
Decrease in provision for deferred taxation	(30,191)	(71,780)
Prior year adjustment	67,655	15,094
	<u>786,632</u>	<u>390,731</u>
Charge to accounts	<u>786,632</u>	<u>390,731</u>

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1999

9 TANGIBLE FIXED ASSETS

COST	Expenditure on leasehold buildings £	Aircraft simulators & training facilities £	Aircraft £	Motor vehicles £	Fixtures & fittings £	Plant & machinery £	Total £
At 1st January 1999	--	1,119,171	2,597,837	177,005	155,294	--	4,049,307
Additions	69,947	--	--	103,135	53,562	365,928	592,572
Disposals	--	--	--	(15,522)	(24,611)	--	(40,133)
At 31st December 1999	<u>69,947</u>	<u>1,119,171</u>	<u>2,597,837</u>	<u>264,618</u>	<u>184,245</u>	<u>365,928</u>	<u>4,601,746</u>

DEPRECIATION

At 1st January 1999	--	126,564	1,868,780	51,680	81,882	--	2,128,906
Charge for the year	3,182	111,768	329,057	62,723	57,991	116,386	681,107
Disposals	--	--	--	(4,851)	(24,611)	--	(29,462)
At 31st December 1999	<u>3,182</u>	<u>238,332</u>	<u>2,197,837</u>	<u>109,552</u>	<u>115,262</u>	<u>116,386</u>	<u>2,780,551</u>

NET BOOK AMOUNT

At 31st December 1999	<u>66,765</u>	<u>880,839</u>	<u>400,000</u>	<u>155,066</u>	<u>68,983</u>	<u>249,542</u>	<u>1,821,195</u>
At 31st December 1998	<u>--</u>	<u>992,607</u>	<u>729,057</u>	<u>125,325</u>	<u>73,412</u>	<u>--</u>	<u>1,920,401</u>

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1999

9a FIXED ASSETS

The following fixed assets are subject to hire purchase or other secured borrowing as referred to in note 14.

	Aircraft simulators & training facilities £	Motor vehicles £	Total £
COST			
At 1st January 1999	532,100	83,590	615,690
Additions	--	75,117	75,117
Disposals/contract completed	--	(83,590)	(83,590)
	<hr/>	<hr/>	<hr/>
At 31st December 1999	<u>532,100</u>	<u>75,117</u>	<u>607,217</u>
DEPRECIATION			
At 1st January 1999	64,093	32,943	97,036
Charge for the year	53,210	44,428	97,638
Disposals/contract completed	--	(53,847)	(53,847)
	<hr/>	<hr/>	<hr/>
At 31st December 1999	<u>117,303</u>	<u>23,524</u>	<u>140,827</u>
NET BOOK AMOUNT			
At 31st December 1999	<u>414,797</u>	<u>51,593</u>	<u>466,390</u>
At 31st December 1998	<u>468,007</u>	<u>50,647</u>	<u>518,654</u>

10 STOCKS

	1999 £	1998 £
Aircraft fuel and accessories	1,523	2,420
Goods for resale	36,390	35,331
	<hr/>	<hr/>
	<u>37,913</u>	<u>37,751</u>

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1999

11 DEBTORS: Amounts falling due within one year

	1999 £	1998 £
Trade debtors	1,737,629	1,761,979
Amount due from holding company	12,374,541	10,716,159
Value added tax	54,903	41,511
Prepayments and other debtors	268,196	31,898
Directors' loan accounts (note 24)	108,599	39,733
Advance corporation tax recoverable	--	10,057
	<u>14,543,868</u>	<u>12,601,337</u>

12 CREDITORS: Amounts falling due within one year

	1999 £	1998 £
Bank overdraft (note 14)	1,384,864	79,072
Trade creditors	5,109,058	2,902,412
Amount due to fellow subsidiary company	1,152,545	4,443,767
Corporation tax	1,577,276	1,438,027
Other taxation and social security	505,821	342,274
Hire purchase commitments	243,866	224,388
Accruals and other creditors	606,368	788,134
Advance corporation tax payable	--	10,057
	<u>10,579,798</u>	<u>10,228,131</u>

13 CREDITORS: Amounts falling due after more than one year

	1999 £	1998 £
Hire purchase commitments		
Due between 2 and 5 years	366,855	549,379
	<u>366,855</u>	<u>549,379</u>

14 BORROWING

The company's bank overdraft facility is secured by a mortgage debenture in the bank's standard form, granting a fixed and floating charge over the company's assets together with unlimited cross-guarantees provided by European Aviation Limited.

The aircraft simulator equipment is subject to a chattel mortgage. The balance outstanding at the balance sheet date was £535,026.

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1999

15 PROVISION FOR LIABILITIES AND CHARGES

The movement on deferred taxation in the year was:-

	1999 £	1998 £
Balance at 1st January 1999	99,590	171,370
Movement on accelerated capital allowances	(30,191)	(71,780)
	<hr/>	<hr/>
Balance at 31st December 1999	<u>69,399</u>	<u>99,590</u>

The amount provided and the potential liability for deferred taxation are:-

	1999		1998	
	Amount provided £	Potential liability £	Amount provided £	Potential liability £
Accelerated capital allowances	<u>69,399</u>	<u>69,399</u>	<u>99,590</u>	<u>99,590</u>

16 SHARE CAPITAL

	1999 £	1998 £
Authorised: 1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid: 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

17 REVENUE RESERVES

	1999 £	1998 £
Retained profit for year	1,748,547	1,726,640
Retained profits at 1st January 1999	<u>3,742,333</u>	<u>2,015,693</u>
	<hr/>	<hr/>
Retained profits at 31st December 1999	<u>5,490,880</u>	<u>3,742,333</u>

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1999

18 RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS' FUNDS

	1999 £	1998 £
Retained profit for the year	1,748,547	1,726,640
Opening shareholders' funds	3,742,335	2,015,695
	<hr/>	<hr/>
Closing shareholders' funds	<u>5,490,882</u>	<u>3,742,335</u>

19 RECONCILIATION OF OPERATING PROFIT TO NET
CASH FLOW FROM OPERATING ACTIVITIES

	1999 £	1998 £
Operating profit	2,594,940	2,095,417
Depreciation	681,107	729,586
Increase in stocks	(162)	(7,812)
Increase in debtors	(1,942,531)	(3,770,524)
(Decrease)/increase in creditors	(1,112,852)	546,654
Loss on disposal of fixed assets	--	147
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	<u>220,502</u>	<u>(406,532)</u>

20 RECONCILIATION OF CHANGES IN NET
DEBT AND CASH FLOWS

	At 01-01-1999 £	Cash flows £	At 31-12-1999 £
Cash at bank and in hand	(19,126)	(1,261,780)	(1,280,906)
Debt repayments due after one year	(549,379)	182,524	(366,855)
Debt repayments due within one year	(224,388)	(19,478)	(243,866)
	<hr/>	<hr/>	<hr/>
	<u>(792,893)</u>	<u>(1,098,734)</u>	<u>(1,891,627)</u>

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1999

**21 RECONCILIATION OF NET CASH FLOW
 TO MOVEMENT IN NET DEBT**

	1999 £	1998 £
Decrease in cash in the year	(1,261,780)	(4,962)
Cash inflow from increase in debt and lease financing	260,583	86,636
	<hr/>	<hr/>
New loans	(1,001,197) (97,537)	81,674 (778,250)
	<hr/>	<hr/>
Movement in net debt in the year	(1,098,734)	(696,576)
Net debt at 1st January 1999	(792,893)	(96,317)
	<hr/>	<hr/>
Net debt at 31st December 1999	<u>(1,891,627)</u>	<u>(792,893)</u>

22 CONTINGENT LIABILITY

As referred to in Note 14 each Group Company has provided unlimited cross guarantees as security for group bank borrowings. At the balance sheet date group bank borrowing totalled £3,898,031.

23 RELATED PARTY TRANSACTIONS

As a result of a restructure of the group's activities, European Aviation Limited has charged European Aviation Air Charter Limited for the lease of aircraft on a maintenance inclusive basis. The total aircraft leasing charge for the year was £4,650,000, which included £1,980,000 for maintenance.

The previous policy, in operation up to 31st December 1998, was to charge leasing on a maintenance exclusive basis.

The company, as a result of acquiring the trading activities of European Aviation Maintenance Limited, has charged European Aviation Limited £4,700,000 for maintenance, engineering and modification work on its aircraft fleet.

The company purchased from European Aviation Limited, aircraft spares and rotables to the value of £2,579,623.

The company has incurred sponsorship fees of £250,000 from its fellow subsidiary European Formula Racing Limited.

The company's managing director, W.A. O'Neill, has a controlling interest in Miles court Limited and Democourt Limited, companies which provided consultancy services to the company totalling £40,000 during the year.

Amounts outstanding in respect of group companies are detailed in notes 11 and 12.

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST DECEMBER 1999

24 DIRECTORS' LOANS

The chairman has negotiated a short-term, unsecured interest free loan with the company. The amount outstanding at the balance sheet date was £103,599. The maximum outstanding during the year was £103,599.

The managing director has negotiated a short-term, unsecured interest free loan with the company. The amount outstanding at the balance sheet date was £5,000. The maximum outstanding during the year was £40,000.

Each loan is repayable on demand.

25 ULTIMATE HOLDING COMPANY

The company is a subsidiary of European Aviation Limited, a company incorporated in England and Wales.

The ultimate holding company is Gannet Investments Limited, a company incorporated in Liberia.