

Company Registration No. 03410368 (England and Wales)

HEAVYWEIGHT AIR EXPRESS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999



HEAVYWEIGHT AIR EXPRESS LIMITED

COMPANY INFORMATION

Directors	C E Chapman M Sweeney C A Norman
Secretary	C A Norman
Company number	03410368
Registered office	60 Welbeck Street London W1M 8BH
Auditors	Levy Gee 66 Wigmore Street London W1H 0HQ

HEAVYWEIGHT AIR EXPRESS LIMITED

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HEAVYWEIGHT AIR EXPRESS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1999

The directors present their report and financial statements for the year ended 30 June 1999.

Principal activities and review of the business

The principal activity of the company is that of the provision of freight placement services within the aviation industry.

The directors are encouraged by the results of the company for the year and are confident of continued success in the coming years.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Year 2000 compliance and the impact of the European single currency

The directors have undertaken a review of the company's computerised systems and are confident that the systems in place are year 2000 compliant. The directors are also keen to seek assurances from the company's suppliers that similar reviews have also been undertaken to minimise any potential risks to the company.

The directors are also aware of the Single European Currency and are satisfied that the systems in place will cope with this currency.

Directors

The following directors have held office since 1 July 1998:

C E Chapman
M Sweeney
C A Norman

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 June 1999	1 July 1998
C E Chapman	-	-
M Sweeney	-	-
C A Norman	-	-

Charitable contributions

During the year the company made charitable donations of £250 (1998 : £-).

Auditors

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

HEAVYWEIGHT AIR EXPRESS LIMITED

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 30 JUNE 1999**

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.

By order of the board



C E Chapman

Director

17 November 1999

HEAVYWEIGHT AIR EXPRESS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF HEAVYWEIGHT AIR EXPRESS LIMITED

We have audited the financial statements on pages 4 to 12 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 2 the company's directors are responsible for the preparation of 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 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Levy Gee

17 November 1999

Registered Auditor

66 Wigmore Street
London
W1H 0HQ

HEAVYWEIGHT AIR EXPRESS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1999

		30 June 1999 £	10 Month Period ended 30 June 1998 £
	Notes		
Turnover	2	7,964,586	4,708,225
Cost of sales		(6,790,308)	(3,793,245)
Gross profit		1,174,278	914,980
Administrative expenses		(1,040,630)	(564,046)
Operating profit	3	133,648	350,934
Other interest receivable and similar income	4	70,427	29,096
Profit on ordinary activities before taxation		204,075	380,030
Tax on profit on ordinary activities	5	(47,800)	(126,600)
Profit on ordinary activities after taxation	10	156,275	253,430

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

HEAVYWEIGHT AIR EXPRESS LIMITED

BALANCE SHEET AS AT 30 JUNE 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	6		13,880		31,066
Current assets					
Debtors	7	1,628,112		1,704,165	
Cash at bank and in hand		573,168		749,165	
		<u>2,201,280</u>		<u>2,453,330</u>	
Creditors: amounts falling due within one year	8	<u>(1,805,255)</u>		<u>(2,230,766)</u>	
Net current assets			<u>396,025</u>		<u>222,564</u>
Total assets less current liabilities			<u>409,905</u>		<u>253,630</u>
Capital and reserves					
Called up share capital	9		20,000		20,000
Profit and loss account	10		389,905		233,630
Shareholders' funds - equity interests	11		<u>409,905</u>		<u>253,630</u>

The financial statements were approved by the Board on 17 November 1999


C E Chapman
Director

HEAVYWEIGHT AIR EXPRESS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 1999

	1999 £	1998 £
Net cash (outflow)/inflow from operating activities	(122,549)	768,718
Returns on investments and servicing of finance		
Interest received	70,427	20,965
Net cash inflow for returns on investments and servicing of finance	70,427	20,965
Taxation	(126,626)	-
Capital expenditure		
Payments to acquire tangible assets	(13,317)	(40,518)
Receipts from sales of tangible assets	16,068	-
Net cash inflow/(outflow) for capital expenditure	2,751	(40,518)
Net cash (outflow)/inflow before management of liquid resources and financing	(175,997)	749,165
(Decrease)/increase in cash in the year	(175,997)	749,165

HEAVYWEIGHT AIR EXPRESS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 1999

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	1999	1998
		£	£
	Operating profit	133,648	350,934
	Depreciation of tangible assets	12,866	9,452
	Loss on disposal of tangible assets	1,569	-
	Decrease/(increase) in debtors	97,079	(1,695,834)
	(Decrease)/Increase in creditors within one year	(367,711)	2,104,166
	Net cash (outflow)/inflow from operating activities	(122,549)	768,718

2	Analysis of net funds	1 July 1998	Cash flow	Other non-cash changes	30 June 1999
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	749,165	(175,997)		573,168
	Debt	-	-	-	-
	Net funds	749,165	(175,997)	-	573,168

3	Reconciliation of net cash flow to movement in net funds	1999	1998
		£	£
	(Decrease)/increase in cash in the year	(175,997)	749,165
	Cash inflow from increase in debt	-	-
	Movement in net funds in the year	(175,997)	749,165
	Opening net funds	749,165	-
	Closing net funds	573,168	749,165

HEAVYWEIGHT AIR EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT 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 less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	50% Straight Line
Motor vehicles	25% Straight Line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 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.

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	1999	1998
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	12,866	9,452
Operating lease rentals	33,142	1,509
Auditors' remuneration	4,200	4,750
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HEAVYWEIGHT AIR EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 1999

4	Other interest receivable and similar income	1999	1998
		£	£
	Bank interest	37,933	20,965
	Other interest	32,494	8,131
		<u>70,427</u>	<u>29,096</u>
5	Taxation	1999	1998
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 31% (1998 - 31%)	68,800	126,600
	Prior years		
	U.K. corporation tax	(21,000)	-
		<u>47,800</u>	<u>126,600</u>
6	Tangible fixed assets		
		Fixtures, fittings & equipment	Motor vehicles
		£	£
	Cost		
	At 1 July 1998	16,897	23,621
	Additions	13,317	-
	Disposals	(1,758)	(23,621)
		<u>28,456</u>	<u>-</u>
	At 30 June 1999	28,456	-
	Depreciation		
	At 1 July 1998	4,531	4,921
	On disposals	(1,345)	(6,397)
	Charge for the year	11,390	1,476
		<u>14,576</u>	<u>-</u>
	At 30 June 1999	14,576	-
	Net book value		
	At 30 June 1999	<u>13,880</u>	<u>-</u>
	At 30 June 1998	<u>12,366</u>	<u>18,700</u>

HEAVYWEIGHT AIR EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 1999

7 Debtors	1999	1998
	£	£
Trade debtors	1,169,322	1,028,260
Amounts owed by parent and fellow subsidiary undertakings	16,713	-
Corporation tax	21,026	-
Other debtors	413,090	645,496
Prepayments and accrued income	7,961	30,409
	<u>1,628,112</u>	<u>1,704,165</u>

Amounts falling due after more than one year and included in the debtors above are:

	1999	1998
	£	£
Other debtors	<u>410,765</u>	<u>-</u>

Included within other debtors is £200 of unpaid share capital.

8 Creditors: amounts falling due within one year	1999	1998
	£	£
Trade creditors	1,524,786	1,976,396
Corporation tax	68,800	126,600
Other taxes and social security costs	109,539	87,426
Other creditors	22,752	11,940
Accruals and deferred income	79,378	28,404
	<u>1,805,255</u>	<u>2,230,766</u>

9 Share capital	1999	1998
	£	£
Authorised		
20,000 Ordinary shares of £ 1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid		
20,000 Ordinary shares of £ 1 each	<u>20,000</u>	<u>20,000</u>

HEAVYWEIGHT AIR EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 1999

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 1998	233,630
Retained profit for the year	156,275
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Balance at 30 June 1999	389,905
	<hr/>

11 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the financial year	156,275	253,430
Proceeds from issue of shares	-	20,000
Capitalisation of reserves	-	(19,800)
	<hr/>	<hr/>
Net addition to shareholders' funds	156,275	253,630
Opening shareholders' funds	253,630	-
	<hr/>	<hr/>
Closing shareholders' funds	409,905	253,630
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12 Financial commitments

At 30 June 1999 the company had annual commitments under non-cancellable operating leases as follows:

	1999 £	1998 £
Expiry date:		
Within one year	9,585	-
Between two and five years	30,192	3,720
	<hr/>	<hr/>
	39,777	3,720
	<hr/>	<hr/>

13 Directors' emoluments

	1999 £	1998 £
Emoluments for qualifying services	158,861	41,617
	<hr/>	<hr/>

HEAVYWEIGHT AIR EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 1999

14 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1999 Number	1998 Number
Management and administration	15	10

Employment costs

	£	£
Wages and salaries	424,859	168,154
Social security costs	43,314	16,696
	468,173	184,850

15 Control

The Immediate and ultimate parent company is Westbush Limited, a company registered in England and Wales.

16 Related party transactions

During the year to 30 June 1999 the company undertook transactions with Chapman Freeborn Airmarketing Limited, Chapman Freeborn Airmarketing Limited (incorporated in Ireland), Air Logistics Limited and Chapman Freeborn Airchartering Limited, Mr C E Chapman and Ms C A Norman are each directors in all of these companies. The company paid £150,000 (1998:£125,000) for professional advice, £41,800 (1998:£27,500) for the provision of secretarial services, £296,643 (1998:£23,386) for purchases and made sales of £212,834 (1998:£98,268) to these related companies in the year. At the year end £33,837 (1998:£34,612) was owed to the above companies and a total of £40,478 (1998:£27,370) was owed from them.

Consultancy fees of £19,500 (1998:£30,898) were paid to MDCS Services, a business of which Mr M Sweeney is the proprietor. There was no balance owing to or from that business at the year end.