

Company Registration No. 03410368 (England and Wales)

HEAVYWEIGHT AIR EXPRESS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

AV AUDIT



HEAVYWEIGHT AIR EXPRESS LIMITED

COMPANY INFORMATION

Directors	C E Chapman M Sweeney C A Norman
Secretary	C A Norman
Company number	03410368
Registered office	66 Wigmore Street London W1U 2HQ
Auditors	A V Audit Limited 66 Wigmore Street London W1U 2HQ

HEAVYWEIGHT AIR EXPRESS LIMITED

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HEAVYWEIGHT AIR EXPRESS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2001

The directors present their report and financial statements for the year ended 30 June 2001.

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.

Introduction of the Euro

The directors are 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 2000:

C E Chapman
M Sweeney
C A Norman

Directors' interests

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

	Ordinary shares of £ 1 each	
	30 June 2001	1 July 2000
C E Chapman	-	-
M Sweeney	-	-
C A Norman	-	-

The directors interests in the share capital of the parent company can be seen in the directors report of that company.

Auditors

A V Audit Limited acquired the audit practice of Levy Gee and in accordance with section 26 of the Companies Act 1989 has been appointed as auditors in succession. In accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

HEAVYWEIGHT AIR EXPRESS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2001

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

22 May 2002

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HEAVYWEIGHT AIR EXPRESS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HEAVYWEIGHT AIR EXPRESS LIMITED

We have audited the financial statements of Heavyweight Air Express Limited on pages 4 to 12 for the year ended 30 June 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 directors' 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 transactions with the company is not disclosed.

We read the directors' 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 United Kingdom 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

AV Audit Limited

AV Audit Limited

Registered Auditor

24th May 2002

66 Wigmore Street
London W1U 2HQ

HEAVYWEIGHT AIR EXPRESS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2001

	Notes	2001 £	2000 £
Turnover	2	10,724,080	9,872,860
Cost of sales		(9,281,707)	(8,312,552)
Gross profit		1,442,373	1,560,308
Administrative expenses		(1,314,564)	(1,251,147)
Operating profit	3	127,809	309,161
Other interest receivable and similar income		76,237	69,934
Interest payable and similar charges	4	-	(42)
Profit on ordinary activities before taxation		204,046	379,053
Tax on profit on ordinary activities	5	(75,316)	(134,660)
Profit on ordinary activities after taxation	10	128,730	244,393

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.

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HEAVYWEIGHT AIR EXPRESS LIMITED

BALANCE SHEET AS AT 30 JUNE 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	6		248,576		23,183
Current assets					
Debtors: amounts falling due within one year	7	1,732,066		1,546,010	
Debtors: amounts falling due after more than one year	7	495,812		568,808	
Cash at bank and in hand		1,113,846		985,125	
		<u>3,341,724</u>		<u>3,099,943</u>	
Creditors: amounts falling due within one year	8	<u>(2,807,272)</u>		<u>(2,468,828)</u>	
Net current assets			<u>534,452</u>		<u>631,115</u>
Total assets less current liabilities			<u>783,028</u>		<u>654,298</u>
Capital and reserves					
Called up share capital	9		20,000		20,000
Profit and loss account	10		763,028		634,298
Shareholders' funds - equity interests	11		<u>783,028</u>		<u>654,298</u>

The financial statements were approved by the Board on 22 May 2002

.....
C E Chapman
Director

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HEAVYWEIGHT AIR EXPRESS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2001

	2001 £	2000 £
Net cash inflow from operating activities	431,169	413,566
Returns on investments and servicing of finance		
Interest received	76,237	69,934
Interest paid	-	(42)
	<u>76,237</u>	<u>69,892</u>
Net cash inflow for returns on investments and servicing of finance	76,237	69,892
Taxation	(134,976)	(47,774)
Capital expenditure		
Payments to acquire tangible assets	(245,105)	(23,727)
Receipts from sales of tangible assets	1,396	-
	<u>(243,709)</u>	<u>(23,727)</u>
Net cash outflow for capital expenditure	(243,709)	(23,727)
Net cash inflow before management of liquid resources and financing	<u>128,721</u>	<u>411,957</u>
Increase in cash in the year	<u>128,721</u>	<u>411,957</u>

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HEAVYWEIGHT AIR EXPRESS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2001

1	Reconciliation of operating profit to net cash inflow from operating activities	2001 £	2000 £
	Operating profit	127,809	309,161
	Depreciation of tangible assets	17,947	14,424
	Loss on disposal of tangible assets	369	-
	Increase in debtors	(113,060)	(507,732)
	Increase in creditors within one year	398,104	597,713
	Net cash inflow from operating activities	431,169	413,566

2	Analysis of net funds	1 July 2000 £	Cash flow £	Other non-cash changes £	30 June 2001 £
	Net cash:				
	Cash at bank and in hand	985,125	128,721	-	1,113,846
	Debt	-	-	-	-
	Net funds	985,125	128,721	-	1,113,846

3	Reconciliation of net cash flow to movement in net funds	2001 £	2000 £
	Increase in cash in the year	128,721	411,957
	Movement in net funds in the year	128,721	411,957
	Opening net funds	985,125	573,168
	Closing net funds	1,113,846	985,125

HEAVYWEIGHT AIR EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are 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 other than freehold land 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:

Land and buildings freehold	2% straight line
Fixtures, fittings & equipment	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

	2001	2000
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	17,947	14,424
Operating lease rentals	84,566	56,216
Auditors' remuneration	4,816	6,300
	<u> </u>	<u> </u>

4 Interest payable

	2001	2000
	£	£
On bank loans and overdrafts	-	42
	<u> </u>	<u> </u>

HEAVYWEIGHT AIR EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2001

5	Taxation		2001	2000
			£	£
	Domestic current year taxation			
	U.K. corporation tax		75,000	134,660
	Adjustment for prior years		316	-
			<u>75,316</u>	<u>134,660</u>
6	Tangible fixed assets			
		Land and buildings freehold	Fixtures, fittings & equipment	Total
		£	£	£
	Cost			
	At 1 July 2000	12,071	40,112	52,183
	Additions	200,680	44,425	245,105
	Disposals	-	(5,430)	(5,430)
		<u>212,751</u>	<u>79,107</u>	<u>291,858</u>
	At 30 June 2001			
	Depreciation			
	At 1 July 2000	-	29,000	29,000
	On disposals	-	(3,665)	(3,665)
	Charge for the year	3,188	14,759	17,947
		<u>3,188</u>	<u>40,094</u>	<u>43,282</u>
	At 30 June 2001			
	Net book value			
	At 30 June 2001	<u>209,563</u>	<u>39,013</u>	<u>248,576</u>
	At 30 June 2000	<u>12,071</u>	<u>11,112</u>	<u>23,183</u>

HEAVYWEIGHT AIR EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2001

7 Debtors	2001	2000
	£	£
Trade debtors	1,429,906	1,248,186
Amounts owed by parent and fellow subsidiary undertakings	11,823	28,838
Other debtors	762,808	818,860
Prepayments and accrued income	23,341	18,934
	<u>2,227,878</u>	<u>2,114,818</u>

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

	2001	2000
	£	£
Other debtors	<u>495,812</u>	<u>568,808</u>

8 Creditors: amounts falling due within one year	2001	2000
	£	£
Trade creditors	2,364,011	1,866,253
Corporation tax	75,000	134,660
Other taxes and social security costs	197,262	132,056
Other creditors	109,052	4,373
Accruals and deferred income	61,947	331,486
	<u>2,807,272</u>	<u>2,468,828</u>

9 Share capital	2001	2000
	£	£
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 2001

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 2000	634,298
Retained profit for the year	128,730
Balance at 30 June 2001	<u>763,028</u>

11 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the financial year	128,730	244,393
Opening shareholders' funds	<u>654,298</u>	<u>409,905</u>
Closing shareholders' funds	<u>783,028</u>	<u>654,298</u>

12 Financial commitments

At 30 June 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2001 £	2000 £	2001 £	2000 £
Expiry date:				
Within one year	-	-	15,000	17,447
Between two and five years	<u>105,000</u>	<u>105,000</u>	<u>70,000</u>	<u>65,503</u>
	<u>105,000</u>	<u>105,000</u>	<u>85,000</u>	<u>82,950</u>

13 Directors' emoluments

	2001 £	2000 £
Emoluments for qualifying services	<u>105,996</u>	<u>364,818</u>

HEAVYWEIGHT AIR EXPRESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2001

14 Employees

Number of employees

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

	2001 Number	2000 Number
Management and administration	21	16
Employment costs		
	£	£
Wages and salaries	455,315	463,946
Social security costs	52,365	44,817
	507,680	508,763

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 2001 the company undertook transactions with Chapman Freeborn Airmarketing Limited, Chapman Freeborn Airmarketing Limited (incorporated in Ireland), Chapman Freeborn Airchartering Limited, Chapman Freeborn Travel Limited and Air Logistics Limited, Mr C E Chapman and Ms C A Norman are each directors in all of these companies. The company paid £166,400 (2000:£150,000) for professional advice, £30,000 (2000: £35,063) for the provision of secretarial services, £331,255 (2000: £157,169) for purchases and made sales of £14,411 (2000: £151,704) to these related companies in the year. At the year end £65,948 (2000: £5,182) was owed to the above companies and a total of £6,434 (2000: £138,063) was owed from them.

All these balances have been settled since the year end.