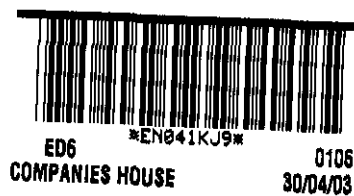


Company Registration No. 03410368 (England and Wales)

**HEAVYWEIGHT AIR EXPRESS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2002**

HLB **AV** audit



# HEAVYWEIGHT AIR EXPRESS LIMITED

## COMPANY INFORMATION

---

**Directors**

C E Chapman  
M Sweeney  
C White (Appointed 9 December 2002)  
C A Norman

**Secretary**

C A Norman

**Company number**

03410368

**Registered office**

66 Wigmore Street  
London  
W1U 2HQ

**Auditors**

HLB AV Audit plc  
66 Wigmore Street  
London  
W1U 2HQ

# HEAVYWEIGHT AIR EXPRESS LIMITED

## CONTENTS

---

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 14

---

# HEAVYWEIGHT AIR EXPRESS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2002

The directors present their report and financial statements for the year ended 30 June 2002.

### 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 disappointed with the results of the company for the year, but look forward to the future with cautious optimism.

### Results and dividends

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

The directors do not recommend payment of an ordinary dividend.

### Directors

The following directors have held office since 1 July 2001:

C E Chapman

M Sweeney

C White

(Appointed 9 December 2002)

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 2002	1 July 2001
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

On 2 July 2002 AV Audit Limited changed its name to HLB AV Audit plc. In accordance with section 385 of the Companies Act 1985, a resolution proposing that HLB AV Audit plc 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 2002


### 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 White

Director

29/04/2003

# 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 14 for the year ended 30 June 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HLB AV Audit plc

HLB AV Audit plc

Registered Auditor

30/4/03

66 Wigmore Street  
London  
W1U 2HQ

# HEAVYWEIGHT AIR EXPRESS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2002

	Notes	2002 £	2001 £
Turnover	2	11,327,133	10,724,080
Cost of sales		(9,306,882)	(9,281,707)
Gross profit		2,020,251	1,442,373
Administrative expenses		(2,349,068)	(1,314,564)
Operating (loss)/profit	3	(328,817)	127,809
Other interest receivable and similar income		56,369	76,237
(Loss)/profit on ordinary activities before taxation		(272,448)	204,046
Tax on (loss)/profit on ordinary activities	4	(15,000)	(75,316)
(Loss)/profit on ordinary activities after taxation	10	(287,448)	128,730

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

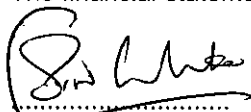
There are no recognised gains and losses other than those passing through the profit and loss account.

# HEAVYWEIGHT AIR EXPRESS LIMITED

## BALANCE SHEET AS AT 30 JUNE 2002

	Notes	2002 £	£	2001 £	£
<b>Fixed assets</b>					
Tangible assets	5	335,083		248,576	
Investments	6	1		-	
		<u>335,084</u>		<u>248,576</u>	
<b>Current assets</b>					
Debtors: amounts falling due within one year	7	1,897,045	1,732,066		
Debtors: amounts falling due after more than one year	7	399,935	495,812		
Cash at bank and in hand		555,292	1,113,846		
		<u>2,852,272</u>	<u>3,341,724</u>		
<b>Creditors: amounts falling due within one year</b>	8	<u>(2,691,776)</u>	<u>(2,807,272)</u>		
<b>Net current assets</b>		<u>160,496</u>		<u>534,452</u>	
<b>Total assets less current liabilities</b>		<u>495,580</u>		<u>783,028</u>	
<b>Capital and reserves</b>					
Called up share capital	9	20,000		20,000	
Profit and loss account	10	475,580		763,028	
<b>Shareholders' funds - equity interests</b>	11	<u>495,580</u>		<u>783,028</u>	

The financial statements were approved by the Board on 29/4/2003



C White  
Director



# HEAVYWEIGHT AIR EXPRESS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2002

	2002		2001	
	£	£	£	£
Net cash (outflow)/inflow from operating activities	(396,957)		431,169	
<b>Returns on investments and servicing of finance</b>				
Interest received	56,369		76,237	
<b>Net cash inflow for returns on investments and servicing of finance</b>	56,369		76,237	
<b>Taxation</b>	(90,000)		(134,976)	
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(138,093)		(245,105)	
Receipts from sales of tangible assets	-		1,396	
<b>Net cash outflow for capital expenditure</b>	(138,093)		(243,709)	
<b>Acquisitions and disposals</b>				
Purchase of subsidiary undertakings	(1)		-	
<b>Net cash outflow for acquisitions and disposals</b>	(1)		-	
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>	(568,682)		128,721	
<b>(Decrease)/increase in cash in the year</b>	(568,682)		128,721	

# HEAVYWEIGHT AIR EXPRESS LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2002

1	Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities		2002	2001
			£	£
	Operating (loss)/profit		(328,817)	127,809
	Depreciation of tangible assets		51,586	17,947
	Loss on disposal of tangible assets		-	369
	Increase in debtors		(69,102)	(113,060)
	(Decrease)/Increase in creditors within one year		(50,624)	398,104
	Net cash (outflow)/inflow from operating activities		(396,957)	431,169

2	Analysis of net funds	1 July 2001	Cash flow	Other non-cash changes	30 June 2002
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,113,846	(558,554)	-	555,292
	Bank overdrafts	-	(10,128)	-	(10,128)
		1,113,846	(568,682)	-	545,164
	Debt	-	-	-	-
	Net funds	1,113,846	(568,682)	-	545,164

3	Reconciliation of net cash flow to movement in net funds	2002	2001
		£	£
	(Decrease)/increase in cash in the year	(568,682)	128,721
	Movement in net funds in the year	(568,682)	128,721
	Opening net funds	1,113,846	985,125
	Closing net funds	545,164	1,113,846

# HEAVYWEIGHT AIR EXPRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

---

### 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	50% 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 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment.

#### 1.8 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.

#### 1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

### 2 Turnover

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

# HEAVYWEIGHT AIR EXPRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

<b>3</b>	<b>Operating (loss)/profit</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
	Operating (loss)/profit is stated after charging:		
	Depreciation of tangible assets	51,586	17,947
	Loss on disposal of tangible assets	-	369
	Loss on foreign exchange transactions	3,710	-
	Operating lease rentals	86,561	84,566
	Auditors' remuneration	7,870	4,816
	and after crediting:		
	Profit on foreign exchange transactions	-	(6,603)
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Taxation</b>	<b>2002</b>	<b>2001</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	-	75,000
	Adjustment for prior years	15,000	316
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	<b>15,000</b>	<b>75,316</b>
		<u>          </u>	<u>          </u>
	<b>Factors affecting the tax charge for the year</b>		
	(Loss)/profit on ordinary activities before taxation	(272,448)	204,046
		<u>          </u>	<u>          </u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2001 : 30.00%)	-	61,214
		<u>          </u>	<u>          </u>
	Effects of:		
	Non deductible expenses	-	28,245
	Depreciation	-	5,384
	Capital allowances	-	(6,473)
	Prior year adjustments	15,000	316
	Marginal relief	-	(11,377)
	Other tax adjustments	-	(1,993)
		<u>          </u>	<u>          </u>
		15,000	14,102
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	<b>15,000</b>	<b>75,316</b>
		<u>          </u>	<u>          </u>

On the basis of these financial statements no provision has been made for corporation tax.

The company has tax losses of £130,000 available to carry forward to future periods.

# HEAVYWEIGHT AIR EXPRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

### 5 Tangible fixed assets

	Land and buildings freehold £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 July 2001	212,751	79,107	291,858
Additions	-	138,093	138,093
At 30 June 2002	212,751	217,200	429,951
<b>Depreciation</b>			
At 1 July 2001	3,188	40,094	43,282
Charge for the year	7,188	44,398	51,586
At 30 June 2002	10,376	84,492	94,868
<b>Net book value</b>			
At 30 June 2002	202,375	132,708	335,083
At 30 June 2001	209,563	39,013	248,576

# HEAVYWEIGHT AIR EXPRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

### 6 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 July 2001	-
Additions	1
	<hr/>
At 30 June 2002	1
	<hr/>

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Heavyweight Air Express Limited	Ireland	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2002 £	Profit for the year 2002 £
Heavyweight Air Express Limited	73,204	73,203
	<hr/>	<hr/>

# HEAVYWEIGHT AIR EXPRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

7 Debtors	2002 £	2001 £
Trade debtors	1,654,365	1,429,906
Amounts owed by parent and fellow subsidiary undertakings	76,870	11,823
Other debtors	521,584	762,808
Prepayments and accrued income	44,161	23,341
	<u>2,296,980</u>	<u>2,227,878</u>

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

	2002 £	2001 £
Other debtors	<u>399,935</u>	<u>495,812</u>

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

8 Creditors: amounts falling due within one year	2002 £	2001 £
Bank loans and overdrafts	10,128	-
Trade creditors	1,820,508	2,364,011
Amounts owed to subsidiary undertakings	470,336	-
Corporation tax	-	75,000
Other taxes and social security costs	210,139	197,262
Other creditors	159,230	109,052
Accruals and deferred income	21,435	61,947
	<u>2,691,776</u>	<u>2,807,272</u>

9 Share capital	2002 £	2001 £
<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>		
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 2002

### 10 Statement of movements on profit and loss account

Profit and  
loss  
account  
£

Balance at 1 July 2001	763,028
Retained loss for the year	(287,448)
Balance at 30 June 2002	<u>475,580</u>

### 11 Reconciliation of movements in shareholders' funds

2002  
£

2001  
£

(Loss)/Profit for the financial year	(287,448)	128,730
Opening shareholders' funds	<u>783,028</u>	<u>654,298</u>
Closing shareholders' funds	<u>495,580</u>	<u>783,028</u>

### 12 Financial commitments

At 30 June 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2002	2001	2002	2001
	£	£	£	£
Expiry date:				
Within one year	25,920	-	54,730	15,000
Between two and five years	<u>105,000</u>	<u>105,000</u>	<u>9,270</u>	<u>70,000</u>
	<u>130,920</u>	<u>105,000</u>	<u>64,000</u>	<u>85,000</u>

### 13 Directors' emoluments

2002  
£

2001  
£

Emoluments for qualifying services	<u>28,000</u>	<u>105,996</u>
------------------------------------	---------------	----------------



# HEAVYWEIGHT AIR EXPRESS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 14 Employees

#### Number of employees

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

	2002 Number	2001 Number
Management and administration	29	21
Employment costs		
	£	£
Wages and salaries	629,399	455,315
Social security costs	51,742	52,365
	681,141	507,680

The company made a contribution of £685,020 to The Westbush Group Employee Benefit Trust; an employee benefit trust established by the company's immediate and ultimate parent company, Westbush Limited.

### 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 2002 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 £167,400 (2001: £166,400) for professional advice, 30,000 (2001: £30,000) for the provision of secretarial services, £350,096 (2001: £331,255) for purchases and made sales of £1,677 (2001: £14,411) to these related companies in the year. At the year end £35,715 (2001: £65,948) was owed to the above companies and a total of £447 (2001: £6,434) was owed from them.

Also, during the year, the company entered into transactions with its subsidiary undertaking, Heavyweight Air Express Limited (incorporated in Ireland). At the year end the company owed this company £470,336.

The company also entered into transactions with fellow subsidiaries of Westbush Limited. The following balances were owed to the company:

Micada Express Limited: £26,870  
Express Cargo Services Limited: £50,000.