

REGISTRAR'S COPY

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2001

FOR

ACTIVAIR (UK) LIMITED

1369940



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COMPANY INFORMATION
for the Year Ended 31 May 2001

| | |
|---------------------------|---|
| DIRECTORS: | H M EVANS C THOMPSON P BARRETT M J EVANS R WINDSOR (Appointed 01/10/01) |
| SECRETARY: | R WINDSOR |
| REGISTERED OFFICE: | UNIT 1 ACTION COURT ASHFORD ROAD ASHFORD MIDDLESEX TW15 1XS |
| REGISTERED NUMBER: | 1369940 (England and Wales) |
| AUDITORS: | OURY CLARK CHARTERED ACCOUNTANTS REGISTERED AUDITORS HERSCHEL HOUSE 58 HERSCHEL STREET SLOUGH BERKSHIRE SL1 1PG |
| SOLICITORS: | OURY CLARK 5 ARLINGTON STREET ST JAMES'S LONDON SW1A 1RA |

**REPORT OF THE DIRECTORS
for the Year Ended 31 May 2001**

The directors present their report with the financial statements of the company for the year ended 31 May 2001.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of international air freight forwarders.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31 May 2001.

FIXED ASSETS

Movements in Fixed Assets are disclosed in note eight to the Financial Statements.

DIRECTORS

The directors during the year under review were:

H M EVANS
C THOMPSON
A SERPANT
P BARRETT
M J EVANS

- resigned 11.9.00

The directors holding office at 31 May 2001 did not hold any beneficial interest in the issued share capital of the company at 1 June 2000 or 31 May 2001.

H.M. Evans and C.Thompson both own shares in the ultimate holding company, details of which are shown in the report of that company.

SUPPLIER PAYMENT POLICY

Terms and conditions of payment to all suppliers are agreed on an individual basis. During the year ended 31 May 2001 the trade creditors payment period was on average 57 days.

STATEMENT OF 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.

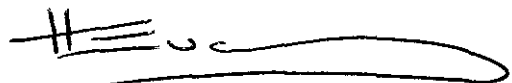
ACTIVAIR (UK) LIMITED

**REPORT OF THE DIRECTORS
for the Year Ended 31 May 2001**

AUDITORS

The auditors, OURY CLARK CHARTERED ACCOUNTANTS, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'H M Evans', followed by a long, horizontal, looping flourish.

H M EVANS - DIRECTOR

Dated: 29 November 2001

ACTIVAIR (UK) LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
ACTIVAIR (UK) LIMITED**

We have audited the financial statements of Activair (UK) Limited for the year ended 31 May 2001 on pages five to twelve. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

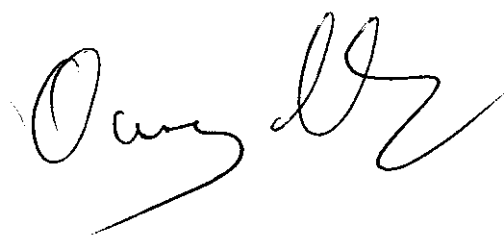
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 31 May 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

OURY CLARK CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
HERSCHEL HOUSE
58 HERSCHEL STREET
SLOUGH
BERKSHIRE
SL1 1PG



Dated: 29 November 2001

ACTIVAIR (UK) LIMITED

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 May 2001

| | | <u>31.5.01</u> | | <u>31.5.00</u> | |
|--|-------|------------------|------------------------|------------------|------------------------|
| | Notes | £ | £ | £ | £ |
| TURNOVER | 2 | | 18,434,585 | | 17,204,424 |
| Cost of sales | | | <u>13,325,801</u> | | <u>12,844,892</u> |
| GROSS PROFIT | | | 5,108,784 | | 4,359,532 |
| Distribution costs | | 21,140 | | 18,897 | |
| Administrative expenses | | <u>4,906,850</u> | | <u>4,211,559</u> | |
| | | | <u>4,927,990</u> | | <u>4,230,456</u> |
| OPERATING PROFIT | 4 | | 180,794 | | 129,076 |
| Bad debt | 5 | | <u>50,198</u> | | <u>-</u> |
| | | | 130,596 | | 129,076 |
| Interest payable and similar charges | 6 | | <u>104,932</u> | | <u>109,115</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | 25,664 | | 19,961 |
| Tax on profit on ordinary activities | 7 | | <u>7,713</u> | | <u>15,757</u> |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | | 17,951 | | 4,204 |
| Retained profit brought forward | | | <u>469,727</u> | | <u>465,523</u> |
| RETAINED PROFIT CARRIED FORWARD | | | <u><u>£487,678</u></u> | | <u><u>£469,727</u></u> |

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

ACTIVAIR (UK) LIMITED
BALANCE SHEET
31 May 2001

| | | 31.5.01 | | 31.5.00 | |
|--|-------|------------------|-----------------|------------------|-----------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 8 | | 226,511 | | 270,655 |
| CURRENT ASSETS: | | | | | |
| Debtors | 9 | 2,963,608 | | 3,158,201 | |
| Cash at bank and in hand | | <u>463,610</u> | | <u>27,373</u> | |
| | | 3,427,218 | | 3,185,574 | |
| CREDITORS: Amounts falling due within one year | 10 | <u>3,112,461</u> | | <u>2,925,451</u> | |
| NET CURRENT ASSETS: | | | <u>314,757</u> | | <u>260,123</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | 541,268 | | 530,778 |
| CREDITORS: Amounts falling due after more than one year | 11 | | <u>33,590</u> | | <u>41,051</u> |
| | | | <u>£507,678</u> | | <u>£489,727</u> |
| CAPITAL AND RESERVES: | | | | | |
| Called up share capital | 15 | | 20,000 | | 20,000 |
| Profit and loss account | | | <u>487,678</u> | | <u>469,727</u> |
| SHAREHOLDERS' FUNDS: | 19 | | <u>£507,678</u> | | <u>£489,727</u> |

ON BEHALF OF THE BOARD:

H M EVANS - DIRECTOR



C THOMPSON - DIRECTOR



Approved by the Board on 29 November 2001

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2001

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

| | |
|-----------------------|--------------------------------|
| Leasehold property | - over remaining term of lease |
| Plant and machinery | - 20% on cost |
| Motor vehicles | - 25% on cost |
| Furniture & Equipment | - 15% - 25% on cost |

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

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 of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

Cash Flow Statement Exemption

Exemption has been taken from preparing a cash flow statement on the grounds that the company's cash flows are included in the cash flow statement of its ultimate parent company, Activair Plc.

Related Party Disclosures

The company is, as part of the Activair Plc group, exempt from the inter-company disclosure requirements of FRS 8.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

ACTIVAIR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2001

3. STAFF COSTS

| | 31.5.01 | 31.5.00 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 2,620,789 | 2,342,911 |
| Social security costs | 12,062 | 13,692 |
| Other pension costs | 24,699 | 65,657 |
| | <u>2,657,550</u> | <u>2,422,260</u> |

The average monthly number of employees during the year was as follows:

| | 31.5.01 | 31.5.00 |
|--------------------------|------------|------------|
| Sales and Administration | <u>118</u> | <u>104</u> |

4. OPERATING PROFIT

The operating profit is stated after charging:

| | 31.5.01 | 31.5.00 |
|---|----------------|----------------|
| | £ | £ |
| Hire of plant and machinery | 309,128 | 307,292 |
| Depreciation - owned assets | 81,134 | 77,831 |
| Depreciation - assets on hire purchase contracts or finance leases | 21,601 | 23,350 |
| Loss on disposal of fixed assets | 14,114 | 21,156 |
| Auditors' remuneration | 12,130 | 11,500 |
| Loss on exchange | <u>-</u> | <u>17,889</u> |
| Directors' emoluments | <u>107,647</u> | <u>127,256</u> |

The number of directors in respect of whom pension contributions under the company's defined contribution pension scheme were made in the year was 1 (2000 - 1).

In addition to Auditor's remuneration disclosed above, £12,198 (2000 - £22,002) was charged for non-audit services.

5. EXCEPTIONAL ITEMS

The exceptional item of £50,198 relates to a single bad debt written off during the year.

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 31.5.01 | 31.5.00 |
|---------------|----------------|----------------|
| | £ | £ |
| Bank interest | 99,719 | 103,099 |
| Hire purchase | <u>5,213</u> | <u>6,016</u> |
| | <u>104,932</u> | <u>109,115</u> |

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2001

7. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

| | | |
|--------------------|--------------|---------------|
| | 31.5.01 | 31.5.00 |
| | £ | £ |
| UK corporation tax | 7,731 | 14,148 |
| Tax underprovision | - | 1,609 |
| Tax overprovision | <u>(18)</u> | <u>-</u> |
| | <u>7,713</u> | <u>15,757</u> |

UK corporation tax has been charged at 21.88% (2000 - 25.69%).

8. TANGIBLE FIXED ASSETS

| | <u>Leasehold property</u> | <u>Plant and machinery</u> | <u>Motor vehicles</u> | <u>Furniture & Equipment</u> | <u>Totals</u> |
|-------------------------|-------------------------------|--------------------------------|---------------------------|--------------------------------------|-----------------|
| | £ | £ | £ | £ | £ |
| COST: | | | | | |
| At 1 June 2000 | 40,875 | 74,700 | 169,577 | 336,601 | 621,753 |
| Additions | - | 33,307 | 27,559 | 17,820 | 78,686 |
| Disposals | <u>-</u> | <u>-</u> | <u>(58,744)</u> | <u>-</u> | <u>(58,744)</u> |
| At 31 May 2001 | <u>40,875</u> | <u>108,007</u> | <u>138,392</u> | <u>354,421</u> | <u>641,695</u> |
| DEPRECIATION: | | | | | |
| At 1 June 2000 | 31,975 | 28,285 | 119,880 | 170,959 | 351,099 |
| Charge for year | 2,225 | 21,601 | 24,399 | 54,510 | 102,735 |
| Eliminated on disposals | <u>-</u> | <u>-</u> | <u>(38,650)</u> | <u>-</u> | <u>(38,650)</u> |
| At 31 May 2001 | <u>34,200</u> | <u>49,886</u> | <u>105,629</u> | <u>225,469</u> | <u>415,184</u> |
| NET BOOK VALUE: | | | | | |
| At 31 May 2001 | <u>6,675</u> | <u>58,121</u> | <u>32,763</u> | <u>128,952</u> | <u>226,511</u> |
| At 31 May 2000 | <u>8,900</u> | <u>46,415</u> | <u>49,698</u> | <u>165,642</u> | <u>270,655</u> |

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2001

8. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts or finance leases are as follows:

| | <u>Plant and machinery</u> | <u>Motor vehicles</u> | <u>Totals</u> |
|--------------------------|--------------------------------|---------------------------|-----------------|
| | £ | £ | £ |
| COST: | | | |
| At 1 June 2000 | 74,700 | 33,640 | 108,340 |
| Additions | 25,012 | - | 25,012 |
| Transferred to ownership | <u>-</u> | <u>(33,640)</u> | <u>(33,640)</u> |
| At 31 May 2001 | <u>99,712</u> | <u>-</u> | <u>99,712</u> |
| DEPRECIATION: | | | |
| At 1 June 2000 | 28,285 | 25,231 | 53,516 |
| Charge for year | 21,601 | - | 21,601 |
| Transferred to ownership | <u>-</u> | <u>(25,231)</u> | <u>(25,231)</u> |
| At 31 May 2001 | <u>49,886</u> | <u>-</u> | <u>49,886</u> |
| NET BOOK VALUE: | | | |
| At 31 May 2001 | <u>49,826</u> | <u>-</u> | <u>49,826</u> |
| At 31 May 2000 | <u>46,415</u> | <u>8,409</u> | <u>54,824</u> |

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.5.01 £ | 31.5.00 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 2,298,281 | 2,638,034 |
| Other debtors | 43,379 | 73,022 |
| Prepayments & accrued income | 196,099 | 93,428 |
| Amounts owed by group undertakings | <u>425,849</u> | <u>353,717</u> |
| | <u>2,963,608</u> | <u>3,158,201</u> |

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.5.01 £ | 31.5.00 £ |
|--|------------------|------------------|
| Bank loans and overdrafts (see note 12) | - | 133,827 |
| Trade creditors | 2,092,985 | 2,053,690 |
| Hire purchase | 26,751 | 25,450 |
| Other creditors | 878,779 | 611,381 |
| Social security & other taxes | 86,986 | 67,947 |
| Taxation | 7,731 | 14,148 |
| Accruals & deferred income | <u>19,229</u> | <u>19,008</u> |
| | <u>3,112,461</u> | <u>2,925,451</u> |

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 2001

**11. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

| | | |
|---------------|---------------|---------------|
| | 31.5.01 | 31.5.00 |
| | £ | £ |
| Hire purchase | <u>33,590</u> | <u>41,051</u> |

12. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

| | | |
|---|----------|----------------|
| | 31.5.01 | 31.5.00 |
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | <u>-</u> | <u>133,827</u> |

13. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

| | Operating leases | | | |
|----------------------------|-----------------------|----------------|---------------|---------------|
| | Land and buildings | | Other | |
| | 31.5.01 | 31.5.00 | 31.5.01 | 31.5.00 |
| | £ | £ | £ | £ |
| Expiring: | | | | |
| Within one year | - | - | 19,125 | 3,456 |
| Between one and five years | <u>217,500</u> | <u>217,500</u> | <u>23,219</u> | <u>43,493</u> |
| | <u>217,500</u> | <u>217,500</u> | <u>42,344</u> | <u>46,949</u> |

14. SECURED DEBTS

The following secured debts are included within creditors:

| | | |
|-----------------|----------|----------------|
| | 31.5.01 | 31.5.00 |
| | £ | £ |
| Bank overdrafts | <u>-</u> | <u>133,827</u> |

The company's overdraft is secured by a fixed and floating charge dated 18 May 1987 over the company's assets.

15. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 31.5.01 | 31.5.00 |
|---------|----------|-------------------|---------------|---------------|
| | | | £ | £ |
| 20,000 | Ordinary | £1 | <u>20,000</u> | <u>20,000</u> |

ACTIVAIR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 May 2001

16. ULTIMATE PARENT COMPANY

The company's ultimate holding company is Activair Public Limited Company, a company incorporated in England & Wales. Activair (UK) Limited and Activair Plc share the same registered office and copies of group accounts can be obtained from the address on page 1.

17. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £3,968 (2000 £36,279).

18. RELATED PARTY DISCLOSURES

No disclosure of transactions with group members is disclosed here as the information is included within the consolidated financial statements produced by Activair Plc, the ultimate parent undertaking.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 31.5.01 | 31.5.00 |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| Profit for the financial year | <u>17,951</u> | <u>4,204</u> |
| Net addition to shareholders' funds | 17,951 | 4,204 |
| Opening shareholders' funds | <u>489,727</u> | <u>485,523</u> |
| Closing shareholders' funds | <u>507,678</u> | <u>489,727</u> |
| Equity interests | <u>507,678</u> | <u>489,727</u> |