

REGISTRAR'S COPY

1369940

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1995
FOR
ACTIVAIR (UK) LIMITED



COMPANY INFORMATION

DIRECTORS:

H.M.EVANS
M.J.STINTON
C.THOMPSON

SECRETARY:

M.J.STINTON

REGISTERED OFFICE:

UNIT 1, ACTION COURT
ASHFORD ROAD
ASHFORD
TW15 1XS

REGISTERED NUMBER:

1369940

AUDITOR:

CLARKS CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
CIPPENHAM COURT
CIPPENHAM LANE
SLOUGH
BERKSHIRE
SL1 5AT

REPORT OF THE DIRECTORS

The directors present their report with the financial statements of the company for the year ended 31 May 1995.

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.

The directors are satisfied with the results for the year considering the relocation and restructuring costs incurred by the company and confidently expect a return to previous profitability levels in the coming year.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividends will be distributed for the year ended 31 May 1995. The retained profit transferred to reserves will be £8,476.

FIXED ASSETS

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

DIRECTORS

The directors of the company in office during the year were as follows:

H.M.EVANS
M.J.STINTON
C.THOMPSON

No directors held any beneficial interest in the issued share capital of the company at 1 June 1994 or 31 May 1995. All directors own shares in the ultimate holding company, details of which are shown in the Report of that company.

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 judgments 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.

REPORT OF THE DIRECTORS

AUDITOR

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

ON BEHALF OF THE BOARD:

Secretary

M.J.STINTON

Dated: 29th November 1995

REPORT OF THE AUDITOR TO THE SHAREHOLDERS OF
ACTIVAIR (UK) LIMITED

We have audited the financial statements on pages five to twelve which have been prepared under the historical cost convention and the accounting policies set out on page seven.

Respective responsibilities of directors and auditor
As described on page two 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 31 May 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

CLARKS CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
CIPPENHAM COURT
CIPPENHAM LANE
SLOUGH
BERKSHIRE
SL1 5AT



Dated: 29th November 1995

ACTIVAIR (UK) LIMITED

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 May 1995

		31. 5.95		31. 5.94	
	Notes	£	£	£	£
TURNOVER	2		12,767,130		9,218,798
Cost of Sales			9,780,939		6,996,893
GROSS PROFIT			2,986,191		2,221,905
Distribution Costs		44,568		30,314	
Administrative Expenses		2,822,735		2,031,246	
		-----	2,867,303	-----	2,061,560
OPERATING PROFIT	4		118,888		160,345
Interest Receivable	5		2,209		2,724
			-----		-----
			121,097		163,069
Interest Payable and Similar Charges	6		106,125		58,084
			-----		-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			14,972		104,985
Tax on Profit on Ordinary Activities	7		6,496		45,792
			-----		-----
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			8,476		59,193
Retained Profit brought forward			458,212		399,019
			-----		-----
RETAINED PROFIT CARRIED FORWARD			£466,688		£458,212
			=====		=====

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.

The notes form part of these financial statements

ACTIVAIR (UK) LIMITED

BALANCE SHEET
As at 31 May 1995

		31. 5.95	31. 5.94
	Notes	£	£
FIXED ASSETS:			
Tangible Assets	8	431,295	207,449
CURRENT ASSETS:			
Debtors	9	2,085,239	1,719,478
Cash at Bank and In Hand		64,007	63,847
		<u>2,149,246</u>	<u>1,783,325</u>
CREDITORS: Amounts falling due within one year	10	<u>2,021,425</u>	<u>1,485,525</u>
NET CURRENT ASSETS:		<u>127,821</u>	<u>297,800</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		<u>559,116</u>	<u>505,249</u>
CREDITORS: Amounts falling due after more than one year	11	<u>72,428</u>	<u>27,037</u>
		<u>£486,688</u>	<u>£478,212</u>
CAPITAL AND RESERVES:			
Called Up Share Capital	14	20,000	20,000
Profit & Loss Account		466,688	458,212
Shareholders' Funds	16	<u>£486,688</u>	<u>£478,212</u>

ON BEHALF OF THE BOARD:

.....
DIRECTOR - H.M.EVANS

.....
DIRECTOR - M.J.STINTON

Approved by the Board on 29th November 1995

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 1995

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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.

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 & Machinery	- 20% on cost
Motor Vehicles	- 25% on cost
Furniture & Equipment	- 20% 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.

Pensions

The Group operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 1995

2. TURNOVER

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

3. STAFF COSTS

	31. 5.95	31. 5.94
	£	£
Wages and Salaries	1,429,602	835,216
Other Pension Costs	52,644	51,210
	-----	-----
	1,482,246	886,426
	=====	=====

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

	31. 5.95	31. 5.94
Sales and Administration	80	55
	==	==

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31. 5.95	31. 5.94
	£	£
Hire of Plant and Machinery	115,726	35,450
Depreciation - Owned Assets	88,253	51,196
Depreciation - Assets on Hire Purchase or Finance Leases	61,377	22,851
(Profit)/Loss on Disposal of Fixed Assets	(13,205)	839
Auditor's Remuneration	11,770	11,000
Loss on Exchange	4,939	1,595
	=====	=====
Directors' Emoluments	-	-
	=====	=====

5. INTEREST RECEIVABLE

	31. 5.95	31. 5.94
	£	£
Interest Receivable	2,209	2,724
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 1995

6. INTEREST PAYABLE AND SIMILAR CHARGES

	31. 5.95 £	31. 5.94 £
Bank Loans, Overdrafts and Other Loans repayable within five years:		
otherwise than by instalments	93,289	53,689
Finance Charges - Hire Purchase Contracts and Finance Leases	12,836	4,395
	-----	-----
	106,125	58,084
	=====	=====

7. TAXATION

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

	31. 5.95 £	31. 5.94 £
Based on the adjusted results of the year:		
UK Corporation Tax	6,496	42,778
Corporation Tax Underprovided	-	3,014
	-----	-----
	6,496	45,792
	=====	=====

UK Corporation Tax has been charged at 25% (1994 - 33%).

8. TANGIBLE FIXED ASSETS

	Short Leasehold Property	Plant & Machinery	Fixtures & Fittings
	£	£	£
COST:			
As at 1 June 1994	36,292	-	-
Additions	4,583	33,650	77,205
	-----	-----	-----
As at 31 May 1995	40,875	33,650	77,205
	-----	-----	-----
DEPRECIATION:			
As at 1 June 1994	16,537	-	-
Charge for Year	2,573	6,730	15,441
	-----	-----	-----
As at 31 May 1995	19,110	6,730	15,441
	-----	-----	-----
NET BOOK VALUE:			
As at 31 May 1995	£21,765	£26,920	£61,764
	=====	=====	=====
As at 31 May 1994	£19,755	-	-
	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 1995

	Motor Vehicles	Furniture & Equipment	Totals
	£	£	£
COST:			
As at 1 June 1994	286,653	303,112	626,057
Additions	44,242	213,797	373,477
Disposals	(4,030)	(13,120)	(17,150)
As at 31 May 1995	326,865	503,789	982,384
DEPRECIATION:			
As at 1 June 1994	182,616	219,456	418,609
Charge for Year	52,498	72,388	149,630
Eliminated on Disposals	(4,030)	(13,120)	(17,150)
As at 31 May 1995	231,084	278,724	551,089
NET BOOK VALUE:			
As at 31 May 1995	£95,781	£225,065	£431,295
As at 31 May 1994	£104,037	£83,657	£207,449

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

	Plant & Machinery	Fixtures & Fittings	Motor Vehicles	Totals
	£	£	£	£
COST:				
As at 1 June 1994	-	-	142,369	142,369
Additions	33,650	77,205	23,742	134,597
Transferred to Ownership	-	-	(37,000)	(37,000)
As at 31 May 1995	33,650	77,205	129,111	239,966
DEPRECIATION:				
As at 1 June 1994	-	-	52,707	52,707
Charge for Year	6,730	15,441	39,206	61,377
Transferred to Ownership	-	-	(37,000)	(37,000)
As at 31 May 1995	6,730	15,441	54,913	77,084
NET BOOK VALUE:				
As at 31 May 1995	£26,920	£61,764	£74,198	£162,882
As at 31 May 1994	-	-	£89,662	£89,662

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 1995

9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	31. 5.95 £	31. 5.94 £
Trade Debtors	1,577,056	1,311,032
Other Debtors	25,498	38,238
Prepayments & Accrued Income	48,513	30,306
Amounts Owed by Group Undertakings	434,172	339,902
	<u>2,085,239</u>	<u>1,719,478</u>
	=====	=====

10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	31. 5.95 £	31. 5.94 £
Bank Loans and Overdrafts (See Note 12)	184,249	86,826
Trade Creditors	1,251,718	1,098,724
Hire Purchase	67,127	23,138
Other Creditors	244,980	-
Other Taxes & PAYE	38,371	27,913
Taxation	6,496	42,778
Accruals & Deferred Income	228,484	206,146
	<u>2,021,425</u>	<u>1,485,525</u>
	=====	=====

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

	31. 5.95 £	31. 5.94 £
Hire Purchase	72,428	27,037
	=====	=====

12. LOANS AND OVERDRAFTS

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

	31. 5.95 £	31. 5.94 £
Amounts falling due within one year or on demand:		
Bank Overdrafts	184,249	86,826
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 May 1995

13. SECURED DEBTS

The following secured debts are included within creditors:

	31. 5.95	31. 5.94
	£	£
Bank Overdrafts	184,249	86,826
	=====	=====

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

14. CALLED UP SHARE CAPITAL

Authorised, allotted, called up and fully paid:

Number:	Class:	Nominal Value:	31. 5.95	31. 5.94
		£1	£	£
20,000	Ordinary		20,000	20,000
			=====	=====

15. ULTIMATE PARENT COMPANY

The company's ultimate holding company is Activair Public Limited Company, a company incorporated in England & Wales. Copies of group accounts can be obtained from the Registered Office.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31. 5.95	31. 5.94
	£	£
Profit for the Financial Year	8,476	59,193
	-----	-----
NET ADDITION TO SHAREHOLDERS' FUNDS	8,476	59,193
Opening Shareholders' Funds	478,212	419,019
	-----	-----
CLOSING SHAREHOLDERS' FUNDS	486,688	478,212
	=====	=====
Equity interests	486,688	478,212
	=====	=====

17. TRADING OPERATIONS

On 1 June 1994 the trading activities of Activair Imports Ltd, Activair T.S.D.Ltd and Activair Travel Ltd were all transferred to Activair UK Limited. All the above mentioned companies are wholly owned subsidiaries of Activair Plc.