

HUNT AND PALMER PLC

Company No: 2027063

FINANCIAL STATEMENTS

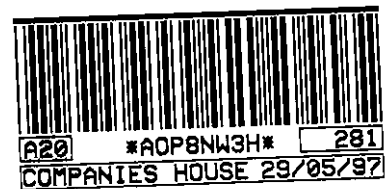
- for the year ended -

30 NOVEMBER 1996

GOODMAN JONES

Chartered Accountants
29/30 Fitzroy Square
London, W1P 6LQ

Reference MPGA/3739/MPGA



HUNT AND PALMER PLC

DIRECTORS

P.R. Hunt
J.F. Palmer
J.S. Martin

SECRETARY

J.F. Palmer

BUSINESS ADDRESS

32/34 Great Titchfield Street
London
W1P 8HP

REGISTERED OFFICE

29/30 Fitzroy Square
London
W1P 6LQ

AUDITORS

Goodman Jones
Chartered Accountants
29/30 Fitzroy Square
London
W1P 6LQ

PRINCIPAL BANKERS

National Westminster Bank plc
125 Great Portland Street
London
W1A 1GA

HUNT AND PALMER PLC

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HUNT AND PALMER PLC

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 November 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of air brokers.

The directors are satisfied with the company's performance during the year and look forward to the future with confidence.

DIVIDENDS

The directors have paid an interim dividend amounting to £120,000, and they recommend payment of a final dividend amounting to £80,000.

POLICY ON PAYMENT OF CREDITORS

The company's policy is to settle their outstanding trade creditors within the terms of the individual supplier.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the company at that date and at the beginning of the year (or on appointment if later), were as follows:

	<u>Class of share</u>	<u>Number of shares</u>	
		<u>1996</u>	<u>1995</u>
P.R. Hunt	Ordinary shares	16,667	16,667
J.F. Palmer	Ordinary shares	16,667	16,667
J.S. Martin	Ordinary shares	16,667	16,667

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 the 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;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements.

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.

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

HUNT AND PALMER PLC

REPORT OF THE DIRECTORS (Continued)

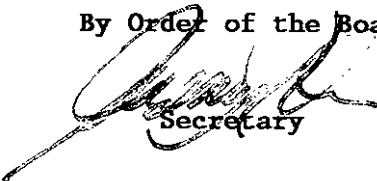
AUDITORS

The auditors, Goodman Jones, Chartered Accountants, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

Date:

16 May 1997

By Order of the Board


Secretary

HUNT AND PALMER PLC

AUDITORS' REPORT TO THE SHAREHOLDERS OF
HUNT AND PALMER PLC

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

Respective responsibilities of the directors and auditors

As described on the Directors' Report 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 affairs of the company as at 30 November 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


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Chartered Accountants
Registered Auditors

Date: 16 May 1997

29/30 Fitzroy Square
London
W1P 6LQ

HUNT AND PALMER PLC**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 NOVEMBER 1996**

	Notes	1996 £	1995 £
TURNOVER	2	13,004,539	11,937,412
Cost of sales		(11,774,750)	(10,892,313)
GROSS PROFIT		1,229,789	1,045,099
Administrative expenses		(973,183)	(1,023,135)
OPERATING PROFIT	3	256,606	21,964
Income from investments	4	34,634	25,456
Interest payable	5	(9,321)	(5,945)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		281,919	41,475
Tax on profit on ordinary activities	8	(74,549)	(12,852)
PROFIT FOR THE FINANCIAL YEAR		207,370	28,623
Dividends	9	(200,000)	(60,000)
RETAINED PROFIT FOR THE YEAR	19	7,370	(31,377)

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 7 to 16 form part of these financial statements.

HUNT AND PALMER PLC**BALANCE SHEET AT 30 NOVEMBER 1996**

	Notes	1996		1995	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10		131,212		90,859
Investments (related undertakings)	11		2		2
Investments (other)	12		2,046		2,013
			133,260		92,874
CURRENT ASSETS					
Debtors	13	1,274,325		651,441	
Cash at bank and in hand		814,626		1,117,336	
		2,088,951		1,768,777	
CREDITORS: Amounts falling due within one year	14	(2,033,812)		(1,681,618)	
NET CURRENT ASSETS			55,139		87,159
TOTAL ASSETS LESS CURRENT LIABILITIES			188,399		180,033
CREDITORS: Amounts falling due after more than one year	15		(33,270)		(27,984)
PROVISIONS FOR LIABILITIES AND CHARGES	17		-		(4,290)
			155,129		147,759
CAPITAL AND RESERVES					
Called up share capital	18		50,001		50,001
Profit and loss account	19		105,128		97,758
			155,129		147,759

The financial statements were approved
by the board on 16 MAY 1997 and
signed on its behalf by

.....

Director

The notes on pages 7 to 16 form part of these financial statements.

HUNT AND PALMER PLC**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 1996**

	Notes	1996 £	1995 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	21	(175,142)	634,675
Returns on investments and servicing of finance:			
Interest received		21,939	12,255
Dividends paid		(60,000)	(60,000)
Dividends received		195	201
Interest element on hire purchase contracts		(9,321)	(5,945)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(47,187)	(53,489)
Taxation:			
Corporation tax paid		(12,084)	(166,171)
TAX PAID		(12,084)	(166,171)
Investing activities:			
Purchase of tangible fixed assets		(37,944)	(17,410)
Purchase of other investments		(33)	(9)
Receipts from sale of tangible assets		4,545	3,345
NET CASHFLOW FROM INVESTING ACTIVITIES		(33,432)	(14,074)
NET CASH OUTFLOW BEFORE FINANCING		(267,845)	400,941
Financing:			
Repayment of capital on hire purchase contracts and finance leases rentals		34,865	30,647
NET CASH OUTFLOW FROM FINANCING	23	34,865	30,647
DECREASE IN CASH AND CASH EQUIVALENTS	22	(302,710)	370,294
		(267,845)	400,941

The notes on pages 7 to 16 form part of these financial statements.

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1996

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

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

1.2 TURNOVER

Turnover represents the total invoice value, excluding value added tax, of services rendered during the year.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Fixtures and fittings	20%	Reducing balance
Motor vehicles	25%	Reducing balance

1.4 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.5 FOREIGN EXCHANGE

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the profit and loss account.

1.6 LEASING AND HIRE PURCHASE

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

1.7 PENSIONS

Pension contributions are charged to the profit and loss account as incurred. These contributions are invested separately from the company's assets.

HUNT AND PALMER PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1996**

2. TURNOVER	1996	1995
	£	£
Analysis by:-		
Geographical market		
United Kingdom	6,920,357	6,360,932
Europe	4,799,695	4,066,070
United States	1,284,487	1,510,410
	13,004,539	11,937,412
 3. OPERATING PROFIT	 1996	 1995
	£	£
The operating profit is stated after charging:		
Depreciation	40,375	28,015
Auditors' remuneration:		
Audit services	5,435	2,500
Non-audit services	5,525	7,352
Loss on foreign currencies	105,691	(40,875)
Operating lease rentals:		
Land and buildings	31,272	29,657
 4. INCOME FROM INVESTMENTS	 1996	 1995
	£	£
Bank and other interest receivable	34,439	25,255
Income from investments	195	201
	34,634	25,456
 5. INTEREST PAYABLE	 1996	 1995
	£	£
Hire purchase interest	9,321	5,945

HUNT AND PALMER PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1996**

6. DIRECTORS AND EMPLOYEES	1996	1995
	£	£
Staff costs:		
Wages and salaries	456,568	561,046
Social security costs	56,134	57,408
Other pension costs	105,658	105,225
	618,360	723,679
The average number of employees during the year was made up as follows:	Number	Number
Administration	14	11
	£	£
Directors' emoluments:		
Remuneration for management services (including pension contributions)	298,256	445,225
The division of directors' emoluments, excluding pension contributions, is as follows:		
Chairman and highest paid director	73,613	126,667
Other directors' remuneration fell within the		
£55,001 - £60,000	2	-
£105,001 - £110,000	-	2

7. PENSION COSTS

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 by the company amounted to £105,658 (1995: £105,225). All contributions were paid in the year.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996	1995
	£	£
The taxation charge comprises:		
U.K. corporation tax at 24% (1995 - 25%)	78,800	12,047
Transfer from deferred taxation	(4,290)	766
Tax credit attributable to franked investment income	39	39
	74,549	12,852

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1996

9. DIVIDENDS	1996	1995
	£	£
Equity interests		
Ordinary:-		
Interim dividend paid	120,000	-
Final dividend proposed	80,000	60,000
	<u>200,000</u>	<u>60,000</u>

10. TANGIBLE ASSETS

<u>Cost</u>	Beginning of year £	Additions £	Disposals £	End of year £
Fixtures and fittings	54,436	23,195	-	77,631
Motor vehicles	113,635	61,351	(18,734)	156,252
	<u>168,071</u>	<u>84,546</u>	<u>(18,734)</u>	<u>233,883</u>
<u>Depreciation</u>	Beginning of year £	Charge for year £	On disposals £	End of year £
Fixtures and fittings	27,191	10,088	-	37,279
Motor vehicles	50,022	30,287	(14,917)	65,392
	<u>77,213</u>	<u>40,375</u>	<u>(14,917)</u>	<u>102,671</u>
	Beginning of year £			End of year £
<u>Total net book values</u>	<u>90,858</u>			<u>131,212</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	1996 £	1995 £
Net book values:		
Motor vehicles	77,022	56,093
	<u>77,022</u>	<u>56,093</u>
Depreciation charge for the year:		
Motor vehicles	25,673	18,698
	<u>25,673</u>	<u>18,698</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1996

11. INVESTMENTS - RELATED UNDERTAKINGS

<u>Cost</u>	<u>Beginning of year</u> £	<u>Additions</u> £	<u>End of year</u> £
Shares:			
Group undertaking	2	-	2
	<u>2</u>	<u>-</u>	<u>2</u>
<u>Net book value</u>	<u>2</u>		<u>2</u>

The following was the subsidiary at the balance sheet date:

	Description and proportion of share capital	Country of incorporation	Nature of business
Subsidiary undertaking	owned		
Hunt and Palmer (Projects) Ltd.	Ordinary 100%	England	Dormant

Consolidated financial statements have not been prepared since the directors do not consider the subsidiary to be material to the group for the purpose of giving a true and fair view.

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1996

12. INVESTMENTS - OTHER

<u>Cost</u>	Beginning of year £	Additions £	End of year £
Other investments other than loans	2,013	33	2,046
	<u>2,013</u>	<u>33</u>	<u>2,046</u>
<u>Net book value</u>	<u>2,013</u>		<u>2,046</u>

<u>Other investments other than loans</u>	1996		1995	
	<u>Cost £</u>	<u>Market value £</u>	<u>Cost £</u>	<u>Market value £</u>
Listed	2,046	4,228	2,013	3,800

13. DEBTORS

	1996 £	1995 £
Trade debtors	852,228	390,960
Other debtors	20,028	17,290
Advance corporation tax	65,000	15,000
Prepayments and accrued income	337,069	228,191
	<u>1,274,325</u>	<u>651,441</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Trade creditors	542,114	967,060
Proposed dividend	200,000	60,000
Corporation tax	128,800	12,046
Other taxes and social security costs	14,985	103,242
Net obligations under finance lease and hire purchase contracts	32,342	25,891
Directors' current accounts	2,030	2,030
Other creditors	89,350	69,359
Accruals and deferred income	1,024,191	441,990
	<u>2,033,812</u>	<u>1,681,618</u>

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1996

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1996	1995
	£	£
Net obligations under finance leases and hire purchase contracts	33,270	27,984
	33,270	27,984
16. NET OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS	1996	1995
	£	£
<u>The company's net obligations under finance leases and hire purchase contracts are repayable as follows:</u>		
In one year, or less or on demand	37,292	30,646
Between one and two years	29,623	26,327
Between two and five years	4,900	3,364
	71,815	60,337
Finance charges and interest allocated to future accounting periods	(6,203)	(6,462)
	65,612	53,875
Included in current liabilities	(32,342)	(25,891)
	33,270	27,984

17. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is calculated at 33% (1995 - 33%) analysed over the following timing differences:

	Fully Provided	
	1996	1995
	£	£
On other timing differences	-	4,290
	-	4,290

Movements on the provision for deferred taxation are:

	£
At 1 December 1995	4,290
Transferred to profit and loss account	(4,290)
	-
At 30 November 1996	-

HUNT AND PALMER PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1996**

18. SHARE CAPITAL	1996	1995
	£	£
<u>Authorised</u>		
Equity interests:		
100,000 Ordinary shares of £1 each	100,000	100,000
<u>Allotted, called up and fully paid</u>		
Equity interests:		
50,001 Ordinary shares of £1 each	50,001	50,001
 19. PROFIT AND LOSS ACCOUNT	 1996	 1995
	£	£
Retained profits at 1 December 1995	97,758	173,136
Retained profit for the year	7,370	(31,377)
Bonus issue of shares	-	(44,001)
Retained profits at 30 November 1996	105,128	97,758
 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	 1996	 1995
	£	£
Profit for the financial year	207,370	28,623
Dividends	(200,000)	(60,000)
	7,370	(31,377)
Shareholders' funds at 1 December 1995	147,759	179,136
Shareholders' funds at 30 November 1996	155,129	147,759
Represented by:-		
Equity interests	155,129	147,759
	155,129	147,759

HUNT AND PALMER PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1996****21. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	1996 £	1995 £
Operating profit	256,606	21,964
Depreciation	40,375	28,015
Profit on disposal of fixed assets	(728)	1,732
Increase in debtors	(560,384)	(299,575)
Increase in creditors due within one year	88,989	882,539
	<u>(175,142)</u>	<u>634,675</u>

22. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1996 £	1995 £
Cash at bank and in hand at 1 December 1995	1,117,336	747,042
Cash at bank and in hand at 30 November 1996	814,626	1,117,336
Net movement	<u>(302,710)</u>	<u>370,294</u>

23. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	1996 £	1995 £
Share capital at 1 December 1995	50,001	6,000
Shares issued for non-cash consideration	-	44,001
Share capital at 30 November 1996	<u>50,001</u>	<u>50,001</u>
	1996 £	1995 £
Finance lease obligations at 1 December 1995	53,875	34,953
New capital leases	46,602	49,569
Cash outflow from financing	<u>(34,865)</u>	<u>(30,647)</u>
Finance lease obligations at 30 November 1996	<u>65,612</u>	<u>53,875</u>

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1996

24. MAJOR NON-CASH TRANSACTIONS

During the year, the company entered into finance lease agreements in respect of assets with a total capital value at the inception of the lease of £46,602.

25. REVENUE COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

<u>Land and buildings</u>	1996	1995
	£	£
Expiry date:		
Between one and five years	26,500	26,500