

HUNT AND PALMER PLC

Company No: 2027063

FINANCIAL STATEMENTS

- for the year ended -

30 NOVEMBER 1997

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

INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

Page

1	Report of the directors
3	Auditors' report
4	Profit and loss account
5	Balance sheet
6	Cash flow statement
7	Notes to the financial statements

HUNT AND PALMER PLC

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 November 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The company has had another excellent year with a significant increase in turnover, gross profit and profit before tax. This is despite a significant increase in salary costs reflecting further investment in staff to cope with the planned expansion in activities over the next year. Profits after tax have increased from £207,370 to £295,321.

Since the year end the company has found new office accommodation in the Gatwick area and will move some of its operations to this site over the coming months as the company continues to expand its activities.

The directors look forward to the future with confidence.

DIVIDENDS

The directors have paid an interim dividend amounting to £200,000, and they do not recommend payment of a final dividend.

POLICY ON PAYMENT OF CREDITORS

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

The average number of days credit taken for trade purchases for the year ended 30 November 1997 was 18 days.

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>1997</u>	<u>1996</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

HUNT AND PALMER PLC

REPORT OF THE DIRECTORS (Continued)

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.

CHARITABLE CONTRIBUTIONS

During the year the company made various charitable contributions totalling £355.

CLOSE COMPANY

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

AUDITORS

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

Date:

07 April 1988

By Order of the Board

[Signature]
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 18 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.

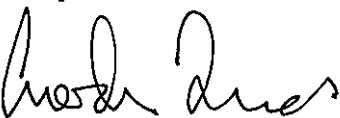
Basis of opinion

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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Goodman Jones
.....
Chartered Accountants
Registered Auditors

29/30 Fitzroy Square
London
W1P 6LQ

Date: 9th April 1998

HUNT AND PALMER PLC**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 NOVEMBER 1997**

	Notes	1997 £	1996 £
TURNOVER	2	16,831,912	13,004,539
Cost of sales		(15,132,683)	(11,774,750)
GROSS PROFIT		1,699,229	1,229,789
Administrative expenses		(1,343,709)	(973,183)
OPERATING PROFIT	3	355,520	256,606
Income from investments	4	36,363	34,634
Interest payable	5	(5,679)	(9,321)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		386,204	281,919
Tax on profit on ordinary activities	7	(90,883)	(74,549)
PROFIT FOR THE FINANCIAL YEAR		295,321	207,370
Dividends	8	(200,000)	(200,000)
RETAINED PROFIT FOR THE YEAR	17	95,321	7,370

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 18 form part of these financial statements.

HUNT AND PALMER PLC**BALANCE SHEET AT 30 NOVEMBER 1997**

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	9	173,202	131,212
Investment: related undertakings	10	2	2
Investments (other)	11	2,103	2,046
		<u>175,307</u>	<u>133,260</u>
CURRENT ASSETS			
Debtors	12	2,250,088	1,274,325
Cash at bank and in hand		844,632	814,626
		<u>3,094,720</u>	<u>2,088,951</u>
CREDITORS: Amounts falling due within one year	13	<u>(2,993,304)</u>	<u>(2,033,812)</u>
NET CURRENT ASSETS		<u>101,416</u>	<u>55,139</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>276,723</u>	<u>188,399</u>
CREDITORS: Amounts falling due after more than one year	14	<u>(26,273)</u>	<u>(33,270)</u>
		<u>250,450</u>	<u>155,129</u>
CAPITAL AND RESERVES			
Called up share capital	16	50,001	50,001
Profit and loss account	17	200,449	105,128
		<u>250,450</u>	<u>155,129</u>

The financial statements were approved
by the board on 02.12.1997 and
signed on its behalf by

.....)
.....) Directors
.....)

The notes on pages 7 to 18 form part of these financial statements.

HUNT AND PALMER PLC**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 1997**

	Notes	1997 £	1996 £
CASH FLOW FROM OPERATING ACTIVITIES	19	613,943	(175,142)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	20	13,368	12,813
TAXATION		(103,080)	(12,084)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	20	(51,281)	(33,432)
EQUITY DIVIDENDS PAID		(400,000)	(60,000)
Cash inflow before use of liquid resources and financing		72,950	(267,845)
FINANCING	20		
Decrease in debt		(42,944)	(34,865)
		(42,944)	(34,865)
INCREASE IN CASH IN THE YEAR		30,006	(302,710)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	21		
INCREASE IN CASH IN THE YEAR		30,006	(302,710)
Cash outflow from decrease in lease financing		42,944	34,865
Change in net funds resulting from cash flows		72,950	(267,845)
New finance leases		(42,395)	(46,602)
Movement in net funds in the year		30,555	(314,447)
Net funds at 1 December 1996		749,014	1,063,461
Net funds at 30 November 1997		779,569	749,014

The notes on pages 7 to 18 form part of these financial statements.

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

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 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.

1.5 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.

1.6 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 1997

2. TURNOVER	1997	1996
	£	£
Analysis by:-		
Geographical market		
United Kingdom	8,866,122	6,920,357
Europe	6,057,353	4,799,695
United States	1,908,437	1,284,487
	16,831,912	13,004,539
 3. OPERATING PROFIT	 1997	 1996
	£	£
The operating profit is stated after charging:		
Depreciation	51,630	40,375
Auditors' remuneration:		
Audit services	7,500	5,435
Non-audit services	7,371	5,525
Loss on foreign currencies	103,305	105,691
Operating lease rentals:		
Land and buildings	29,986	31,272
 4. INCOME FROM INVESTMENTS	 1997	 1996
	£	£
Bank and other interest receivable	36,136	34,439
Income from investments	227	195
	36,363	34,634
 5. INTEREST PAYABLE	 1997	 1996
	£	£
Hire purchase interest	5,679	9,321

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

6. DIRECTORS AND EMPLOYEES	1997	1996
	£	£
Staff costs:		
Wages and salaries	602,390	456,568
Social security costs	63,739	56,134
Other pension costs	105,000	105,658
	771,129	618,360
The average number of employees during the year was made up as follows:	Number	Number
Administration	17	14
Directors' emoluments:	£	£
Remuneration for management services	226,999	192,598
Pension contributions	105,000	105,658
	331,999	298,256
	Number	Number
The number of directors for whom payments have been made into the following pension schemes:		
Money purchase	3	3
	3	3
The division of directors' emoluments is as follows:	£	£
Highest paid director	80,509	73,620
Highest paid director pension costs	35,000	35,212
	115,509	108,832

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
The taxation charge comprises:		
U.K. corporation tax at 31% (1996 - 33%)	96,604	78,800
Transfer from deferred taxation	-	(4,290)
Tax credit attributable to franked investment income	45	39
	96,649	74,549
Adjustment in respect of prior years	(5,766)	-
	90,883	74,549

8. DIVIDENDS

	1997 £	1996 £
Equity interests		
Ordinary:-		
Interim dividend paid	200,000	120,000
Final dividend proposed	-	80,000
	200,000	200,000

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

9. TANGIBLE ASSETS

<u>Cost</u>	Beginning of year £	Additions £	End of year £
Fixtures and fittings	77,632	51,224	128,856
Motor vehicles	156,252	42,395	198,647
	<u>233,884</u>	<u>93,619</u>	<u>327,503</u>
<u>Depreciation</u>	Beginning of year £	Charge for year £	End of year £
Fixtures and fittings	37,279	18,315	55,594
Motor vehicles	65,392	33,315	98,707
	<u>102,671</u>	<u>51,630</u>	<u>154,301</u>
<u>Total net book values</u>	Beginning of year £ 131,213		End of year £ 173,202

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

	1997 £	1996 £
Net book values:		
Motor vehicles	68,363	77,022
Depreciation charge for the year:		
Motor vehicles	22,805	25,673

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 1997

10. INVESTMENTS - RELATED UNDERTAKINGS

<u>Cost</u>	Beginning of year £	Additions £	End of year £
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 owned	Country of incorporation	Nature of business
Subsidiary undertaking			
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 1997

11. INVESTMENTS - OTHER

<u>Cost</u>	<u>Beginning of year £</u>	<u>Additions £</u>	<u>End of year £</u>
Other investments other than loans	2,046	57	2,103
	<u>2,046</u>	<u>57</u>	<u>2,103</u>
<u>Net book value</u>	<u>2,046</u>		<u>2,103</u>

<u>Other investments other than loans</u>	<u>1997</u>		<u>1996</u>	
	<u>Cost £</u>	<u>Market value £</u>	<u>Cost £</u>	<u>Market value £</u>
Listed	2,103	4,586	2,046	4,228

12. DEBTORS

	<u>1997 £</u>	<u>1996 £</u>
Trade debtors	1,631,414	852,228
Other debtors	20,725	20,028
Advance corporation tax	-	65,000
Prepayments and accrued income	597,949	337,069
	<u>2,250,088</u>	<u>1,274,325</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1997 £</u>	<u>1996 £</u>
Trade creditors	790,034	542,114
Proposed dividend	-	200,000
Corporation tax	51,604	128,800
Other taxes and social security costs	23,280	14,985
Net obligations under finance lease and hire purchase contracts	38,790	32,342
Directors' current accounts	30	2,030
Other creditors	106,650	89,350
Accruals and deferred income	1,982,916	1,024,191
	<u>2,993,304</u>	<u>2,033,812</u>

HUNT AND PALMER PLC**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997**

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1997 £	1996 £
Net obligations under finance leases and hire purchase contracts	26,273	33,270
	26,273	33,270
15. NET OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS	1997 £	1996 £
<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	42,676	37,292
Between one and two years	17,953	29,623
Between two and five years	10,202	4,900
	70,831	71,815
Finance charges and interest allocated to future accounting periods	(5,768)	(6,203)
	65,063	65,612
Included in current liabilities	(38,790)	(32,342)
	26,273	33,270
16. SHARE CAPITAL	1997 £	1996 £
<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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997**17. PROFIT AND LOSS ACCOUNT**

	1997	1996
	£	£
Retained profits at 1 December 1996	105,128	97,758
Retained profit for the year	95,321	7,370
Retained profits at 30 November 1997	200,449	105,128

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Profit for the financial year	295,321	207,370
Dividends	(200,000)	(200,000)
	95,321	7,370
Shareholders' funds at 1 December 1996	155,129	147,759
Shareholders' funds at 30 November 1997	250,450	155,129
Represented by:-		
Equity interests	250,450	155,129
	250,450	155,129

19. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	1997	1996
	£	£
Operating profit	355,520	256,606
Depreciation	51,630	40,375
Profit on disposal of fixed assets	-	(728)
Increase in debtors	(1,023,447)	(560,384)
Increase in creditors due within one year	1,230,240	88,989
Cash flow from operating activities	613,943	(175,142)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	1997 £	1996 £
Returns on investments and servicing of finance		
Interest received	18,820	21,939
Dividends received	227	195
Interest element on hire purchase contracts	(5,679)	(9,321)
Net cash inflow from returns on investments and servicing of finance	13,368	12,813
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(51,224)	(37,944)
Purchase of other investments	(57)	(33)
Receipts from sale of tangible assets	-	4,545
Net cash inflow from capital expenditure and financial investment	(51,281)	(33,432)
Financing		
Repayment of capital on hire purchase contracts and finance leases rentals	(42,944)	(34,865)
Net cash outflow from financing	(42,944)	(34,865)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

21. ANALYSIS OF NET FUNDS

	Beginning of year £	1997 Cash flow £	Other movements £	End of year £
Cash at bank and in hand	814,626	30,006	-	844,632
Finance leases	(65,612)	42,944	(42,395)	(65,063)
	<u>749,014</u>	<u>72,950</u>	<u>(42,395)</u>	<u>779,569</u>

The movement in net funds includes £38,790 (1996: £32,342) of leases reclassified from liabilities falling due after more than one year to liabilities falling due within one year.

Other movements	Other non-cash changes £	Exchange movements £	Net movements £
Finance leases	(42,395)	-	(42,395)
	<u>(42,395)</u>	<u>-</u>	<u>(42,395)</u>

	Beginning of year £	1996 Cash flow £	Other movements £	End of year £
Cash at bank and in hand	1,117,336	(302,710)	-	814,626
Finance leases	(53,875)	34,865	(46,602)	(65,612)
	<u>1,063,461</u>	<u>(267,845)</u>	<u>(46,602)</u>	<u>749,014</u>

Other movements	Other non-cash changes £	Exchange movements £	Net movements £
Finance leases	(46,602)	-	(46,602)
	<u>(46,602)</u>	<u>-</u>	<u>(46,602)</u>

22. 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 £42,395.

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

23. 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>	1997	1996
	£	£
Expiry date:		
Between one and		
five years	26,500	26,500

24. CONTROL

The company is controlled by the directors as disclosed in the directors' report.