

HUNT AND PALMER PLC

Company No: 2027063

FINANCIAL STATEMENTS

- for the year ended -

30TH NOVEMBER 1999

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

Reference PHW/3739/MPGA



HUNT AND PALMER PLC

DIRECTORS

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

SECRETARY

J.F. Palmer

BUSINESS ADDRESS

The Tower
Goff's Park Road
Crawley
West Sussex RH11 8XX

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 audited financial statements for the year ended 30 November 1999.

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 and gross profit.

There has been a significant increase in salary costs reflecting further investment in staff to cope with the continued expansion in activities.

YEAR 2000 ISSUE

Since the change to the year 2000 there have been no adverse effects on the operations or the financial results of the business.

The directors continue to monitor the effect to the business resulting from the change to the year 2000.

DIVIDENDS

The directors recommend payment of a dividend amounting to £135,000.

POLICY ON PAYMENT OF CREDITORS

The company's policy is to settle its 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 1999 was 20 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 shares</u>	<u>Number of shares</u>	
		<u>1999</u>	<u>1998</u>
P.R. Hunt	Ordinary shares	16,667	16,667
J.S. Martin	Ordinary shares	16,667	16,667
J.F. Palmer	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 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 £230.

HUNT AND PALMER PLC

REPORT OF THE DIRECTORS (Continued)

CLOSE COMPANY

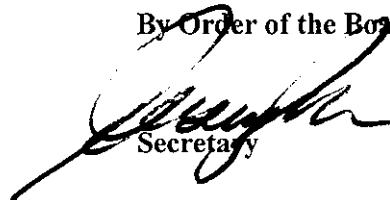
The company is a close company as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

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

Date: 10 February 2000

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 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 in 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.

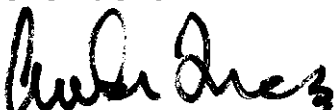
Basis of opinion

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 1999 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: 6 March 2000

HUNT AND PALMER PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH NOVEMBER 1999

	Notes	1999 £	1998 £
TURNOVER	2	25,238,109	23,100,917
Cost of sales		(22,856,012)	(20,938,354)
GROSS PROFIT		<u>2,382,097</u>	<u>2,162,563</u>
Administrative expenses		(1,898,351)	(1,804,754)
OPERATING PROFIT	3	<u>483,746</u>	<u>357,809</u>
Income from investments	4	51,698	56,670
Interest payable	5	(5,716)	(4,829)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>529,728</u>	<u>409,650</u>
Tax on profit on ordinary activities	8	(170,103)	(99,189)
PROFIT FOR THE FINANCIAL YEAR		<u>359,625</u>	<u>310,461</u>
Dividends	9	(135,000)	(240,000)
RETAINED PROFIT FOR THE YEAR	19	<u>224,625</u>	<u>70,461</u>

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.

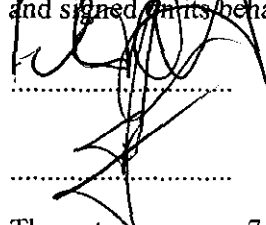
The notes on pages 7 to 18 form part of these financial statements.

HUNT AND PALMER PLC

BALANCE SHEET AT 30TH NOVEMBER 1999

	Notes	£	1999 £	£	1998 £
FIXED ASSETS					
Tangible assets	10		292,311		265,011
Investments: related undertakings	11		24,450		2
Investments: other	12		2,192		2,165
			318,953		267,178
CURRENT ASSETS					
Debtors	13	2,409,103		3,889,263	
Cash at bank and in hand		1,415,948		1,551,213	
		3,825,051		5,440,476	
CREDITORS: Amounts falling due within one year					
	14	(3,555,711)		(5,364,326)	
NET CURRENT ASSETS			269,340		76,150
TOTAL ASSETS LESS CURRENT LIABILITIES			588,293		343,328
CREDITORS: Amounts falling due after more than one year					
	15		(42,757)		(22,417)
			545,536		320,911
CAPITAL AND RESERVES					
Called up share capital	18		50,001		50,001
Profit and loss account	19		495,535		270,910
SHAREHOLDERS FUNDS	20		545,536		320,911

The financial statements were approved
by the board on 10 FEB 00
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 30TH NOVEMBER 1999

	Notes	1999 £	1998 £
CASH FLOW FROM OPERATING ACTIVITIES	21	163,709	993,306
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	22	52,447	42,529
TAXATION		(93,578)	(57,317)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	22	(40,590)	(135,043)
ACQUISITIONS AND DISPOSALS	22	(24,448)	-
EQUITY DIVIDENDS PAID		(150,000)	(90,000)
Cash inflow before use of liquid resources and financing		(92,460)	753,475
FINANCING	22		
Decrease in debt		(42,805)	(46,894)
		(42,805)	(46,894)
DECREASE IN CASH IN THE YEAR		(135,265)	706,581

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

DECREASE IN CASH IN THE YEAR	(135,265)	706,581
Cash outflow from decrease in lease financing	42,805	46,894
Change in net funds resulting from cash flows	(92,460)	753,475
New finance leases	(71,839)	(31,486)
Movement in net funds in the year	(164,299)	721,989
Net funds at 1 December 1998	1,501,560	779,569
Net funds at 30 November 1999	1,337,261	1,501,558

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 30TH NOVEMBER 1999

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 goods sold and 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.

2. TURNOVER

	1999 £	1998 £
Analysis by:-		
Geographical market		
United Kingdom	13,554,095	16,752,812
Europe	8,662,659	4,429,606
Rest of World	3,021,355	1,918,499
	<u>25,238,109</u>	<u>23,100,917</u>

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH NOVEMBER 1999

3. OPERATING PROFIT

	1999 £	1998 £
The operating profit is stated after charging:		
Depreciation	84,997	73,974
Auditors' remuneration:		
Audit services	7,750	7,750
Non-audit services	4,960	8,939
Loss on foreign currencies	23,733	(10,674)
Operating lease rentals:		
Land and buildings	82,683	44,770

4. INCOME FROM INVESTMENTS

	1999 £	1998 £
Bank and other interest receivable	51,236	56,269
Income from investments	462	401
	51,698	56,670

5. INTEREST PAYABLE

	1999 £	1998 £
On bank loans and overdrafts	232	113
Hire purchase interest	5,484	4,716
	5,716	4,829

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH NOVEMBER 1999

6. DIRECTORS AND EMPLOYEES

	1999 £	1998 £
Staff costs:		
Wages and salaries	956,788	874,952
Social security costs	112,645	90,797
Other pension costs	33,300	90,500
	<u>1,102,733</u>	<u>1,056,249</u>

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

	Number	Number
Administration	<u>28</u>	<u>25</u>

Directors' emoluments:

	£	£
Remuneration for management services	271,027	291,724
Pension contributions	30,000	90,500
	<u>301,027</u>	<u>382,224</u>

The number of directors for whom payments have been made into the following pension schemes:

	Number	Number
Money purchase	<u>3</u>	<u>3</u>
	<u>3</u>	<u>3</u>

The division of directors' emoluments is as follows:

	£	£
Highest paid director	97,736	106,231
Highest paid director pension costs	10,000	30,167
	<u>107,736</u>	<u>136,398</u>

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 £33,300 (1998: £90,500). All contributions were paid in the year.

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH NOVEMBER 1999

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
The taxation charge comprises:		
U.K. corporation tax at 30% (1998 - 31%)	170,000	93,476
Tax credit attributable to franked investment income	51	32
	170,051	93,508
Adjustment in respect of prior years	52	5,681
	170,103	99,189

9. DIVIDENDS

	1999 £	1998 £
Equity interests		
Ordinary:-		
Interim dividend paid	-	90,000
Final dividend proposed	135,000	150,000
	135,000	240,000

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH NOVEMBER 1999

10. TANGIBLE ASSETS

<u>Cost</u>	<u>Beginning of year £</u>	<u>Additions £</u>	<u>Disposals £</u>	<u>End of year £</u>
Fixtures and fittings	255,044	26,228	-	281,272
Motor vehicles	228,622	105,561	(40,246)	293,937
	<u>483,666</u>	<u>131,789</u>	<u>(40,246)</u>	<u>575,209</u>
<u>Depreciation</u>	<u>Beginning of year £</u>	<u>Charge for year £</u>	<u>On disposals £</u>	<u>End of year £</u>
Fixtures and fittings	94,686	37,317	-	132,003
Motor vehicles	123,969	47,680	(20,754)	150,895
	<u>218,655</u>	<u>84,997</u>	<u>(20,754)</u>	<u>282,898</u>
	<u>Beginning of year £</u>			<u>End of year £</u>
<u>Total net book values</u>	<u>265,011</u>			<u>292,311</u>

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

	<u>1999 £</u>	<u>1998 £</u>
Net book values:		
Motor vehicles	<u>81,028</u>	<u>54,255</u>
Depreciation charge for the year:		
Motor vehicles	<u>27,009</u>	<u>18,085</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 30TH NOVEMBER 1999

11. INVESTMENTS - RELATED UNDERTAKINGS

<u>Cost</u>	Beginning of year £	Additions £	End of year £
Shares:			
Group undertaking	2	24,448	24,450
	<u>2</u>	<u>24,448</u>	<u>24,450</u>
 <u>Net book value</u>	 <u>2</u>		 <u>24,450</u>

The following were the subsidiaries at the balance sheet date:

Subsidiary undertakings	Description and proportion of share capital owned	Country of incorporation	Nature of business
Hunt & Palmer (Projects) Ltd.	Ordinary 100%	G.B.	Dormant
Hunt & Palmer (France) S.A.R.L.	Ordinary 100%	France	Air brokers

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

Hunt & Palmer (France) was incorporated on 29 June 1999 and commenced trading in July 1999. Its first accounting period will be for the 17 months to 31 November 2000. Unaudited management accounts at 30 November 1999 indicate the company has made a loss of £51,149 and has negative shareholders' funds of £27,133.

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH NOVEMBER 1999

12. INVESTMENTS - OTHER

<u>Cost</u>	<u>Beginning of year £</u>	<u>Additions £</u>	<u>End of year £</u>
Other investments other than loans	2,165	27	2,192
	<u>2,165</u>	<u>27</u>	<u>2,192</u>
<u>Amounts written off</u>			
<u>Net book value</u>	<u>2,165</u>		<u>2,192</u>
<u>Other investments other than loans</u>	<u>1999</u>		<u>1998</u>
	<u>Cost £</u>	<u>Market value £</u>	<u>Cost £</u>
			<u>Market value £</u>
Listed	<u>2,192</u>	<u>3,125</u>	<u>2,165</u>
			<u>5,362</u>

13. DEBTORS

	<u>1999 £</u>	<u>1998 £</u>
Trade debtors	1,665,405	2,910,339
Amounts owed by group undertakings	36,023	-
Other debtors	45,481	32,571
Advance corporation tax	-	22,500
Prepayments and accrued income	662,194	923,853
	<u>2,409,103</u>	<u>3,889,263</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1999 £</u>	<u>1998 £</u>
Trade creditors	1,485,778	1,493,908
Proposed dividend	135,000	150,000
Corporation tax	170,000	115,976
Other taxes and social security costs	36,453	31,973
Net obligations under finance lease and hire purchase contracts	35,930	27,236
Directors' current accounts	-	53,886
Other creditors	175	135,662
Accruals and deferred income	1,692,375	3,355,685
	<u>3,555,711</u>	<u>5,364,326</u>

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH NOVEMBER 1999

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

	1999 £	1998 £
Net obligations under finance leases and hire purchase contracts	42,757	22,417
	<u>42,757</u>	<u>22,417</u>

16. NET OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1999 £	1998 £
<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	42,145	30,971
Between one and two years	31,526	19,212
Between two and five years	14,514	4,646
	<u>88,185</u>	<u>54,829</u>
Finance charges and interest allocated to future accounting periods	(9,498)	(5,176)
	<u>78,687</u>	<u>49,653</u>
Included in current liabilities	(35,930)	(27,236)
	<u>42,757</u>	<u>22,417</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is calculated at 30% (1998 - 31%) analysed over
the following timing differences:

	Not provided		Provided	
	1999 £	1998 £	1999 £	1998 £
On the excess of capital allowances over depreciation	(10,458)	(11,648)	-	-
	<u>(10,458)</u>	<u>(11,648)</u>	<u>-</u>	<u>-</u>

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH NOVEMBER 1999

18. SHARE CAPITAL

	1999 £	1998 £
<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

	1999 £	1998 £
Retained profits at 1 December 1998	270,910	200,449
Retained profit for the year	224,625	70,461
Retained profits at 30 November 1999	495,535	270,910

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the financial year	359,625	310,461
Dividends	(135,000)	(240,000)
	224,625	70,461
Shareholders' funds at 1 December 1998	320,911	250,450
Shareholders' funds at 30 November 1999	545,536	320,911
Represented by:-		
Equity interests	545,536	320,911
	545,536	320,911

21. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	1999 £	1998 £
Operating profit	483,746	357,809
Depreciation	84,997	73,974
Loss on disposal of fixed assets	105	683
Decrease in debtors	1,451,195	(1,607,363)
Decrease in creditors due within one year	(1,856,333)	2,168,204
Other diff between cash flow and profits		
Cash flow from operating activities	163,709	993,306

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH NOVEMBER 1999

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

	1999 £	1998 £
Returns on investments and servicing of finance		
Interest received	57,701	46,957
Interest paid	(232)	(113)
Dividends received	462	401
Interest element on hire purchase contracts	(5,484)	(4,716)
Net cash inflow from returns on investments and servicing of finance	<u>52,447</u>	<u>42,529</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(59,950)	(136,381)
Purchase of other investments	(27)	(62)
Receipts from sale of tangible assets	19,387	1,400
Net cash outflow from capital expenditure and financial investment	<u>(40,590)</u>	<u>(135,043)</u>
Acquisitions and disposals		
Purchase of subsidiary undertakings	(24,448)	-
Net cash inflow from acquisitions and disposals	<u>(24,448)</u>	<u>-</u>
Financing		
Repayment of capital on hire purchase contracts and finance leases rentals	(42,805)	(46,894)
Net cash outflow from financing	<u>(42,805)</u>	<u>(46,894)</u>

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH NOVEMBER 1999

23. ANALYSIS OF NET FUNDS

	Beginning of year £	1999 Cash flow £	Other movements £	End of year £
Cash at bank and in hand	1,551,213	(135,265)	-	1,415,948
Finance leases	(49,653)	42,805	(71,839)	(78,687)
	<u>1,501,560</u>	<u>(92,460)</u>	<u>(71,839)</u>	<u>1,337,261</u>

The movement in net funds includes £35,930 of leases reclassified from liabilities falling due after more than one year to liabilities falling due within one year.

	Other non-cash changes £	Exchange movements £	Net movements £
<u>Other movements</u>			
Finance leases	(71,839)	-	(71,839)
	<u>(71,839)</u>	<u>-</u>	<u>(71,839)</u>

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 £71,839.

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>	1999 £	1998 £
Expiry date:		
Between one and five years	26,500	26,500
After five years	43,500	43,500
	<u>70,000</u>	<u>70,000</u>

26. CAPITAL COMMITMENTS

Details of capital commitments at the accounting date are as follows:-

	1999 £	1998 £
Contracted for but not provided in the financial statements	-	24,000

27. CONTROL

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

HUNT AND PALMER PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH NOVEMBER 1999

28. RELATED PARTY DISCLOSURES

During the year the company paid rent of £43,500 (1998: £14,500) to The Hunt & Palmer Plc Retirement Benefits Scheme, a scheme which is under the control of the directors.

At the balance sheet date, the company was owed £36,023 (1998: nil) by Hunt & Palmer (France) S.A.R.L., a wholly-owned subsidiary.