IAG HOLDINGS LIMITED

FINANCIAL STATEMENTS

FOR

31 OCTOBER 2001

Company Registration Number 03646321



HURST MORRISON THOMSON
Chartered Accountants & Registered Auditors
5 Fairmile
Henley-on-Thames
Oxfordshire
RG9 2JR

IAG HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2001

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IAG HOLDINGS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2001

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 October 2001.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the letting of property space.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Class of share	At 31 October 2001	At 1 November 2000
T Davey	C Ordinary	19,841	19,841
	A Preference	88,230	88,230
	B Preference	9,629	9,629
	B Ordinary	1,611	1,611
D Smith	C Ordinary	19,841	19,841
	A Preference	88,230	88,230
	B Preference	9,629	9,629
	B Ordinary	1,611	1,611

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

AUDITORS

A resolution to re-appoint Hurst Morrison Thomson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

IAG HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2001

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed on behalf of the directors

.....
Director

Approved by the directors on .....21.....05.....02

Hurst Morrison Thomson

Chartered Accountants

5 Fairmile
Henley-on-Thames
Oxfordshire
RG9 2JR

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IAG HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 OCTOBER 2001

We have audited the financial statements on pages 4 to 7 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility 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 directors' report 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 directors' report 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 October 2001 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

HURST MORRISON THOMSON
Chartered Accountants
& Registered Auditors

5 Fairmile
Henley-on-Thames
Oxfordshire
RG9 2JR

22nd May, 2002

Partners: A list of partners' names is available for inspection at the above address, the partnership's principal place of business.
Registered Auditors
Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment & insolvency business.
Associated Firms: HMT Consultants Ltd • The Employee Benefits Corporation Ltd

IAG HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2001

	Note	2001 £	2000 £
TURNOVER		**86,978**	77,393
Administrative expenses		**81,160**	77,752
OPERATING PROFIT/(LOSS)	**2**	**5,818**	(359)
Tax on profit/(loss) on ordinary activities	**3**	**(1,092)**	-
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**4,726**	(359)
Balance brought forward		**(359)**	-
Balance carried forward		**4,367**	(359)

The notes on pages 6 to 7 form part of these financial statements.

IAG HOLDINGS LIMITED

BALANCE SHEET

31 OCTOBER 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Investments	4	**306,332**	306,332
CURRENT ASSETS			
Debtors	5	**24,728**	13,146
Cash at bank		**79,552**	22,950
		104,280	36,096
CREDITORS: Amounts falling due within one year	6	**(99,913)**	(36,455)
NET CURRENT ASSETS/(LIABILITIES)		**4,367**	(359)
TOTAL ASSETS LESS CURRENT LIABILITIES		**310,699**	305,973
CAPITAL AND RESERVES			
Called-up equity share capital	8	**306,332**	306,332
Profit and Loss Account		**4,367**	(359)
SHAREHOLDERS' FUNDS		**310,699**	305,973

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 21.05.02., and are signed on their behalf by:

.....
Director

The notes on pages 6 to 7 form part of these financial statements.

IAG HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2001

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

2. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	2001	2000
	£	£
Directors' emoluments	-	-
Auditors' fees	2,000	2,000

3. TAX ON PROFIT OR LOSS ON ORDINARY ACTIVITIES

	2001	2000
	£	£
Corporation Tax based on the results for the year at 20% (2000 - 20%)	1,092	-

4. INVESTMENTS

Shares in subsidiary undertakings

	£
COST	
At 1 November 2000 and 31 October 2001	306,332
NET BOOK VALUE	
At 31 October 2001	306,332
At 31 October 2000	306,332

The company owns 100% of the issued share capital of Independent Aviation Group Limited, a company registered in England. This company has issued share capital of £83,858 and total reserves of £398,335. This company trades as an aircraft seat wholesaler.

5. DEBTORS

	2001	2000
	£	£
Trade debtors	**18,933**	13,146
Other debtors	**5,795**	-
	24,728	13,146

6. CREDITORS: Amounts falling due within one year

	2001	2000
	£	£
Trade creditors	**8,527**	8,195
Amounts owed to group undertakings	**65,314**	14,181
Other creditors	**11,223**	4,033
Accruals and deferred income	**14,849**	10,046
	99,913	36,455

7. RELATED PARTY TRANSACTIONS

IAG Holdings Limited has taken advantage of the exemptions available with regards to the disclosure of transactions with other group companies.

8. SHARE CAPITAL

Authorised share capital:

	2001	2000
	£	£
12,542 B Ordinary shares of £1.00 each	**12,542**	12,542
39,682 C Ordinary shares of £1.00 each	**39,682**	39,682
176,460 A Preference shares of £1.00 each	**176,460**	176,460
77,648 B Preference shares of £1.00 each	**77,648**	77,648
	306,332	306,332

Allotted, called up and fully paid:

	2001		2000	
	No.	£	No.	£
B Ordinary shares	**12,542**	**12,542**	12,542	12,542
C Ordinary shares	**39,682**	**39,682**	39,682	39,682
A Preference shares	**176,460**	**176,460**	176,460	176,460
B Preference shares	**77,648**	**77,648**	77,648	77,648
	306,332	**306,332**	306,332	306,332