



PAN AIR LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2003



PAN AIR LIMITED

Company Information

Directors	P A Nicholas A P Nicholas
Secretary	Susan Nicholas
Company Number	02309442
Registered Office	Prospect House 2 Athenaeum Road Whetstone London N20 9YU
Accountants	Smith & Williamson Limited Chartered Accountants Prospect House 2 Athenaeum Road Whetstone London N20 9YU

PAN AIR LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report and the financial statements for the year ended 31 December 2003.

Principal activities

The company has not traded during the period or the preceding financial period. During these periods, the company received no income and incurred no expenditure and therefore made neither a profit nor loss.

Directors

The directors' who served during the year and their beneficial interests in the parent company's issued share capital were:

	Ordinary shares of £1 each	
	31/12/03	1/1/03
P A Nicholas	7,127	7,127
A P Nicholas	48	48

P.A Nicholas also has a non-beneficial interest in a further 650 ordinary shares of the parent company.

The report of the directors' has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 28 October 2004

Susan Nicholas
Secretary



**ACCOUNTANTS' REPORT TO THE BOARD ON THE UNAUDITED FINANCIAL STATEMENTS
OF PAN AIR LIMITED**

In accordance with the engagement letter dated 9 April 2003, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company which comprise the Profit and Loss Account, the Balance Sheet, and the related notes numbered 1 to 7 from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet for the year ended 31 December 2003 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Smith & Williamson Limited

Smith & Williamson Limited
Chartered Accountants

Prospect House
2 Athenaeum Road
Whetstone
London
N20 9YU

Dated: *28 October 2004*

PAN AIR LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2003

	Note	2003 £	2002 £
LOSS BROUGHT FORWARD		<u>(226,131)</u>	<u>(226,131)</u>
LOSS CARRIED FORWARD		<u><u>(226,131)</u></u>	<u><u>(226,131)</u></u>

The notes on pages 5 to 6 form part of these financial statements.

PAN AIR LIMITED

BALANCE SHEET
As at 31 December 2003

	Note	£	2003 £	£	2002 £
TOTAL ASSETS LESS CURRENT LIABILITIES			-		-
CREDITORS: amounts falling due after more than one year	3		<u>(226,031)</u>		<u>(226,031)</u>
NET LIABILITIES			<u>(226,031)</u>		<u>(226,031)</u>
CAPITAL AND RESERVES					
Called up share capital	4		100		100
Profit and loss account			<u>(226,131)</u>		<u>(226,131)</u>
SHAREHOLDERS' FUNDS			<u>(226,031)</u>		<u>(226,031)</u>

For the financial year ended 31 December 2002, the company was entitled to exemption from audit under section 249AA (1) Companies Act 1985 as a dormant company; and members have not required the company to obtain an audit of its accounts under section 249B(2). The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Act and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the year in accordance with the requirements of section 226 and which otherwise comply with the requirements of the Companies Act 1985, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the board on 28 October 2004.

P A Nicholas

Director

The notes on pages 5 to 6 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Cash Flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement.

1.3 Profit and loss account

The company has not traded during the period or the preceding financial period. During these periods, the company received no income and incurred no expenditure and therefore made neither a profit nor loss.

Administrative expenses associated with a dormant company, including the accountancy fee and filing fee, are suffered by the parent company.

1.4 Deferred taxation

Deferred tax is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognised have not been discounted.

1.5 Going Concern

The financial statements have been prepared on a going concern basis following assurances from the parent undertaking to continue its support of the company over the next twelve months.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2003 £	2002 £
Directors' emoluments	-	-
	<u> </u>	<u> </u>

No director received any emoluments (2002 - Nil).

3. CREDITORS:

Amounts falling due after more than one year

	2003 £	2002 £
Amounts owed to group undertakings	226,031	226,031
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

4. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised		
1,000 Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100 ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

5. CONTINGENT LIABILITIES

The company has given composite cross guarantees and debentures to its bankers in respect of its fellow group companies.

6. RELATED PARTIES

Included in creditors is an amount of £226,031 (2002 - £226,031) due to P.A.N. Holdings Limited.

7. PARENT COMPANY

The company's ultimate parent undertaking is P.A.N. Holdings Limited a company incorporated in Great Britain. The ultimate controlling party is P A Nicholas.