

APA ASSOCIATES LIMITED

3419001

DIRECTORS' REPORT FOR THE PERIOD FROM 13TH AUGUST 1997 TO 31ST DECEMBER 1998

The Directors submit their report, together with the financial statements of the company for the period from 13th August 1997 to 31st December 1998. The Directors' responsibilities for these financial statements are set out on page 3.

Incorporation

The company was incorporated on 13th August 1997. In addition to the two subscriber shares, a further 198 Ordinary £1 shares were issued on 12th January 1998.

Principal Activities

The principal activity of the company is that of providing services to the Air Traffic Control sector, which trade commenced on 20th October 1997.

Results

The loss for the period, after tax, amounted to £21,521, which was transferred to profit and loss reserve. During the initial period of trading, the Directors have been seeking contracts in respect of the company's services. The Directors are aware that the liabilities as at 31st December 1998 are in excess of the assets as stated in the Balance Sheet as at that date. In this respect, the Directors confirm that it is their intention to continue to support the company.

Directors

The following were Directors during the period and their interests, as defined by the Companies Act, in the shares of the company at the end of the period were:

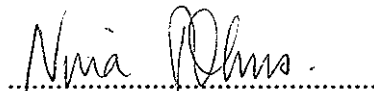
	Ordinary Shares of £1 each 1998
P.M.Johns (Date of Appointment: 20th October 1997)	140
P.J.Stalpers (Date of Appointment: 12th January 1998)	15

Mr.S.Mabbott, who was appointed as sole Director on the incorporation of the company, resigned from that office on 20th October 1997.

Small Company Provisions

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

By Order of the Board



Secretary

Company No.: 3419001

Registered Office:

11 College Place
London Road
Southampton
SO15 2FE



Date: 11 May 5th 1999

APA ASSOCIATES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PERIOD FROM 13TH AUGUST 1997 TO 31ST DECEMBER 1998

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;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

APA ASSOCIATES LIMITED

UNAUDITED PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 13TH AUGUST 1997 TO 31ST DECEMBER 1998

	Note	1998 £
Turnover	2	8,154
Operating Costs	3	(29,675)
Loss on Ordinary Activities before Tax	4	(21,521)
Tax on Loss on Ordinary Activities	6	-
Loss on Ordinary Activities after Tax for the Period		(21,521)
Loss Transferred to Reserves	11	(21,521)

The Profit and Loss Account contains all the gains and losses recognised in the current and preceding years. These have been the only movements in shareholders' funds in those years.

The Notes on pages 5 to 8 form an integral part of these accounts.

APA ASSOCIATES LIMITED

UNAUDITED BALANCE SHEET AS AT 31ST DECEMBER 1998

	Note	1998 £
Fixed Assets		
Tangible Assets	7	3,912
Current Assets		
Debtors	8	8,216
Cash at Bank		956
		<hr/> 9,172
Current Liabilities		
Creditors - Amounts falling due within one year	9	34,405
Net Current Liabilities		<hr/> (25,233)
Total Assets Less Current Liabilities		<hr/> (21,321) <hr/>
Capital and Reserves		
Called up Share Capital	10	200
Profit and Loss Account	11	(21,521)
Shareholders' Funds		<hr/> (21,321) <hr/>

The Notes on pages 5 to 8 form an integral part of these accounts.

The Directors are satisfied that the company was entitled to exemption under Subsection (1) of Section 249A of the Companies Act 1985 and that no member or members have requested an audit pursuant to Subsection (2) of Section 249B in relation to the accounts for the financial period.

The Directors acknowledge their responsibility for:

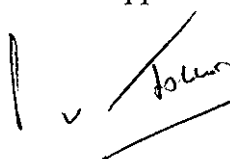
- a) ensuring that the company keeps accounting records which comply with Section 221; and
- b) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The accounts were approved by the Directors on

May 5th 1999

Director



Director



APA ASSOCIATES LIMITED

NOTES TO THE UNAUDITED ACCOUNTS FOR THE PERIOD FROM 13TH AUGUST 1997 TO 31ST DECEMBER 1998

1 Accounting Policies

a) *Basis of Accounting*

The accounts have been prepared under the historic cost accounting rules in accordance with applicable accounting standards, except that the Directors have taken advantage of certain exemptions for small companies available under the Companies Act 1985.

The accounts have been drawn up on the basis that the company will continue to operate as a going concern, which depends on the continued future support of its Directors. On this basis, the Directors are confident of the company's future and that it will remain viable for a period of at least 12 months from the date of signing these accounts.

If the company were unable to continue, the accounts would have to be prepared on the cessation basis. In this respect, the Directors are of the opinion that no significant adjustment would be required.

b) *Depreciation*

Depreciation is calculated to write-off the cost of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Office Equipment	4 years
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c) *Pensions*

The company has not contracted out of the state pension scheme in respect of its employees and has no commitment in respect of pensions.

2 Turnover

Turnover represents the amounts, excluding VAT, receivable by the company for goods and services provided.

3 Operating Costs Less Other Income

	1998 £
Administrative Expenses	29,675

APA ASSOCIATES LIMITED

NOTES TO THE UNAUDITED ACCOUNTS - CONTINUED FOR THE PERIOD FROM 13TH AUGUST 1997 TO 31ST DECEMBER 1998

4 Loss on Ordinary Activities before Tax, *after charging:*

	1998 £
Directors' Emoluments	Nil
	<u> </u>

5 Directors and Employees

Aggregate amount of Emoluments:
Remuneration

Nil

6 Taxation

Tax based on the Loss for the Period:
Corporation Tax @ 21%

Nil

7 Tangible Assets

	Additions	Disposals	Closing Balance
Cost			
Office Equipment	5,216	-	5,216
	<u> </u>	<u> </u>	<u> </u>
	Provision for Period	Eliminated on Disposals	Closing Balance
Depreciation			
Office Equipment	1,304	-	1,304
	<u> </u>	<u> </u>	<u> </u>
Net Book Value			31/12/98
Office Equipment			3,912
			<u> </u>

APA ASSOCIATES LIMITED

NOTES TO THE UNAUDITED ACCOUNTS - CONTINUED FOR THE PERIOD FROM 13TH AUGUST 1997 TO 31ST DECEMBER 1998

8 Debtors

	1998 £
Trade Debtors	8,154
Other Debtors	62
	<hr/> 8,216 <hr/>

9 Creditors falling due within one year

Trade Creditors	905
Directors' Current Account	33,500
	<hr/> 34,405 <hr/>

10 Share Capital (*All Equity*)

	1998	Allotted, Issued, Called Up & Authorised	Fully Paid
Ordinary Shares of £1 each	200	200	<hr/> <hr/>

All the issued shares carry the same rights to receive dividends and distributions and the same full voting rights.

11 Reserves

	Profit and Loss £
Loss Transferred	(21,521)
At 31st December 1998	<hr/> (21,521) <hr/>

APA ASSOCIATES LIMITED

NOTES TO THE UNAUDITED ACCOUNTS - CONTINUED FOR THE PERIOD FROM 13TH AUGUST 1997 TO 31ST DECEMBER 1998

12 Related Parties

Control

Throughout the period the company was controlled by Mr.P.M.Johns, a Director. Details of the Directors' interests in the company's share capital are set out in the Directors' Report.

Transactions

During the period, Mr.P.M.Johns advanced monies totalling £33,500 to the company, which sum is included under creditors as at 31st December 1998.