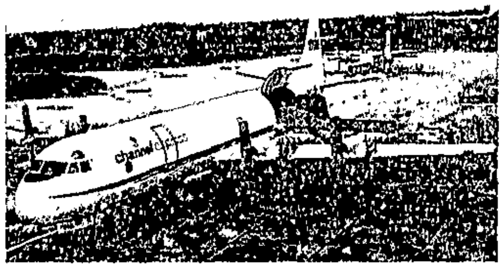
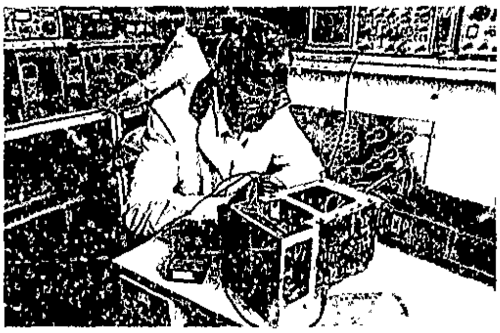
DART GROUP PLC

Report and Accounts 1992

Dart Group PLC is a diversified aviation services and forwarding and distribution group specialising in:–

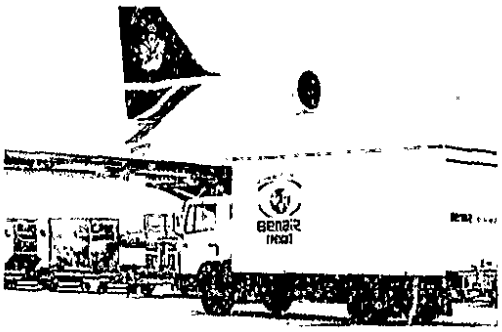


- The operation by Channel Express (Air Services) Limited of a fleet of freighter aircraft which undertake charter and lease contracts throughout Europe and the UK and provide scheduled freight services to and from the Channel Islands.



- The supply and repair of aircraft instruments and radio equipment through its subsidiary, Deltec Aviation Services Limited.

- Freight forwarding at London Heathrow, Manchester and other regional airports. The freight forwarding division, the Benair Group, also has branches and offices in Singapore, Hong Kong, Kuala Lumpur and Taiwan with agents throughout the world.



- The distribution by Channel Express Limited and Channel Express (CI) Limited of flowers from the Channel Islands, together with English and imported flowers, to wholesale markets, major retailers and supermarkets throughout the UK.

The Group's headquarters are at Bournemouth International Airport and strategically placed depots and branches are located throughout the UK and in the Channel Islands.

A large fleet of temperature controlled vehicles is operated by the transport and distribution networks, designed with the special needs of flower distribution in mind but with the ability also to carry dry, chilled and frozen products.

The Channel Express (Air Services) Ltd freighter aircraft fleet consists of 5.5 tonne capacity Dart Heralds and 15 tonne capacity Lockheed Electras.

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Directors

Philip Meeson, aged 44, has been Chairman and Chief Executive of the Company since its incorporation. He trained as a pilot in the RAF and on leaving, he founded a business trading in training aircraft. In 1970, together with a partner, he founded Cheyne Motors Limited which became distributors for BMW motor cars. He sold his shares in that company prior to acquiring the business of the Dart Group in April 1983.

Ian Fox, aged 36, Executive Director, joined the Group in 1988 as General Manager of the Air Services Division. Prior to joining the Dart Group, he was Commercial Director of British Caledonian Helicopters Limited. He was appointed a director in 1991.

Stephen Barker FCA, aged 39, Non-Executive Director, is the Chairman and Chief Executive of The Hartstone Group PLC and was previously the Finance Director and then Chief Executive of The Albert Fisher Group PLC. He was appointed a director in 1989.

Trevor Crowley FCA, aged 47, Non-Executive Director, was Non-Executive Finance Director of the Company. He is a partner in Hillman, Rind & Co., a firm of chartered accountants. That firm acted as the auditor of the Group until the year ended 31 March 1987 and continues to act as a taxation adviser to the Group.

Senior Management

AVIATION SERVICES
Channel Express (Air Services) Limited

Ian Fox MCIT: Managing Director
Ian Doubtfire: General Manager
Andrew Menzies: Technical Director

Dellec Aviation Services Limited

Michael Davies: Managing Director

FORWARDING AND DISTRIBUTION
Channel Express Limited

John Adams: Managing Director
Malcolm Grant ACIM: Distribution Director

Channel Express (CI) Limited

Martyn Langlois: General Manager

Benair Freight Limited

Dennis Mead: Managing Director

FINANCE
Grant Westcott CA(SA) ATII: Group Financial Controller

Secretary and Advisers

Secretary and Registered Office	Trevor Patrick Crowley FCA Cargo Terminal Bournemouth International Airport Christchurch Dorset BH23 6DL
Auditors	Ernst & Young Becket House 1 Lambeth Palace Road London SE1 7EU
Solicitors	Herbert Smith Exchange House Primrose Street London EC2A 2HS
Registrars	Barclays Bank PLC P.O. Box 34 Octagon House Gadbrook Park Northwich Cheshire CW9 7RD
Bankers	Barclays Bank PLC Boston Branch 52 Market Place Boston Lincolnshire PE21 6LU
Stockbrokers	Smith New Court Corporate Finance Limited Smith New Court House 20 Farringdon Road London EC1M 3NH

The Group's results for the financial year to 31 March 1992 show a small increase in profit before tax to £1.88 million (1991 – £1.80 million) on turnover of £37.4 million (1991 – £32.4 million). Earnings per share were 9.4p (1991 – 9.7p) and the Board has recommended a final dividend of 2.0p (1991 – 1.8p) which with the interim makes a total of 3.3p for the year (1991 – 3.0p). It is planned to pay the final dividend on 19 August 1992.

The growth in the Group's profits is somewhat less than I would have liked and this is mainly due to pressure on margins throughout the business, particularly in the second half. In our Aviation Services division we have suffered a lack of "just in time" ad hoc charter business, although our base contract business has been steady but with increased pressures on our prices. In our Forwarding and Distribution division, volumes have been static and margins tight.

We are a diversified aviation services and forwarding and distribution group. Aviation Services consists of aircraft operator Channel Express (Air Services) Ltd and Deltec Aviation Services Ltd which supplies and repairs aircraft instruments and radio equipment. Forwarding and Distribution consists of our freight forwarder, Benair Freight Ltd, with offices at major UK airports and in the Far East; and two distribution companies, Channel Express (CI) Ltd in the Channel Islands and Channel Express Ltd in the UK. Together, they are the country's premier distributors of home grown and imported flowers and house plants, as well as carriers of large volumes of temperature controlled and general goods to the Channel Islands.

Each company is led by a managing director and management team who trade at arms-length with other members of the Group. Individual annual targets are set and good financial controls and reporting systems are in place. I believe our different but related businesses give us both commercial and financial strength. We are committed to the long term expansion of both divisions.

Aviation Services

After the recent growth in the aircraft fleet Channel Express (Air Services) Ltd is concentrating on marketing and continued cost control. At Deltec Ltd, every effort continues to be made to further the Company's business opportunities as we invest in equipment to widen its capabilities to overhaul and repair aircraft instruments and components.

We are particularly keen to broaden the Aviation Services division's operations to include the supply of a wide range of aircraft parts and the support of airlines operating large commercial aircraft. This additional service will either be provided as a result of an acquisition or by expanding Deltec's range of activities.

Forwarding and Distribution

The companies within our Forwarding and Distribution division made profitable progress last year and will benefit this coming autumn from the move by Benair of its Heathrow office into the Channel Express premises at that airport. Growth in Benair is likely to come from increased marketing of its services in an improving economy and by providing freight services and customs clearances for flower importers who use the Channel Express distribution system. We also remain keen to expand carefully our forwarding activities by strategic acquisition.

After a period of careful reorganisation, our flower distribution companies are finding new markets for their high quality services. They already provide temperature controlled transport for many household name customers to the Channel Islands and there appear to be good opportunities to build upon existing operations both organically and possibly by the acquisition of other temperature controlled transport companies.

The Forwarding and Distribution management teams are working hard for growth and I believe the division has excellent prospects for profitable expansion.

Outlook

I have to say that we are only just sensing any improvement in the economy. Consequently it appears at this stage that progress in the year ahead will be steady rather than spectacular. However, we have well laid plans and objectives for the future. Unless a major opportunity presents itself we do not plan to ask for further support from our shareholders to fund the possible acquisition opportunities I have described. We are aware of the importance of increasing our earnings per share and will endeavour to operate our business to enhance these earnings.

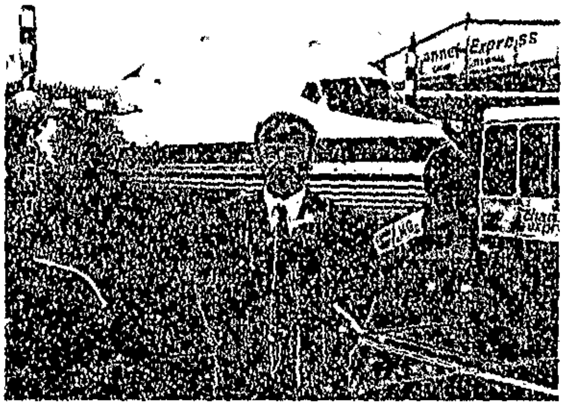
Finally, I would like to thank all our staff for their contribution and enthusiasm during the year. In small companies people do work very hard and we depend on them. In the Review of Operations, you will see that three of our companies hope to obtain BS5750 quality accreditation this year. BS5750 is very much a reflection of operating standards and its award is dependent on the active involvement of all employees. I am grateful for their continued support and also that of our shareholders many of whom supported our rights issue last Summer.

Philip Meeson,
Chairman
4 June 1992

Aviation Services

Channel Express (Air Services) Limited

Last year the Company operated a fleet of nine Dart Herald, three Lockheed Electra and one Fokker F27 freighter aircraft. These aircraft were contracted to provide services throughout Europe and the UK to overnight parcels companies and the Royal Mail as well as undertaking ad hoc "just in time" charters. Dart Herald aircraft based in Bournemouth operated scheduled freight services to and from the Channel Islands carrying newspapers and general freight and flowers on behalf of our sister companies.



Ian Fox: Managing Director, Channel Express (Air Services) Limited

In 1991 Company engineers assisted in the completion of the overhaul of our second owned Lockheed Electra, which was subsequently introduced into commercial service on an intra European route for a major express parcels company. We also completed Stage III noise certification of the Electra which allows the aircraft to operate into the more noise conscious airports of northern Europe. The introduction of the Electra has been an expensive and time consuming exercise but the aircraft is proving to be highly competitive and should pay us considerable dividends over time. During the year, three Dart Heralds were completely overhauled with their avionics being upgraded by our sister company, Deltec, thus further improving the reliability standards which are essential to the industries that the Company serves.

In the forthcoming year, our third Electra will operate for the Royal Mail as a result of a contract to provide its first containerised freighter aircraft operation. We anticipate that changing Economic Community legislation will provide new marketing opportunities for the Company in areas that have been hitherto commercially inaccessible. Additionally, a major UK customer is retendering its operation potentially to increase the number of Dart Herald sized aircraft utilised, which may present us with increased business. During the coming year management will continue to control costs carefully whilst at the same time providing the quality service that our customers rightfully demand.

Deltec Aviation Services Limited

Despite the difficult economic conditions in its sector over the past year, Deltec has managed to achieve its targets.

Our instrument and radio workshops at Southampton are being expanded and are now capable of servicing an increased range of instruments and aircraft equipment. This has enabled Deltec to expand its customer base, meeting the needs of a growing number of aircraft operators. The business has shown particularly encouraging trends in the last quarter with a growing number of trade enquiries.

Michael Davies: Managing Director, Deltic Aviation Services Limited

Deltec has been actively involved in updating and refurbishing the Channel Express Electra and Herald aircraft fleets and has considerably benefited from the Group's extensive commercial contacts.

In the coming year, we plan to create a greater industry awareness of the Company and its services both by direct contact and increased advertising in trade journals. Attainment of Ministry of Defence approval, concurrent with BS5750 approval, is being sought which will provide wider opportunities for repair work. Similarly, Deltec is applying for US Federal Aviation Authority approval which will provide the Company with access to repair work for the large number of American registered aircraft operating throughout Europe and the Middle East.

These plans, together with our efforts to obtain more agencies to represent manufacturers of aircraft equipment, should enhance Deltec's profitability in the current year.

Forwarding and Distribution

Benair Freight Limited

Benair Freight, which was acquired in 1990, has integrated smoothly and professionally into the Group, whilst at the same time maintaining its all important identity and credibility as a leading air and sea freight forwarder.

The UK airfreight market has experienced difficult and changing trading conditions during the last financial year and although we have seen a gradual recovery since the end of events in the Gulf, the market place is still in the process of rebuilding. During these difficulties, Benair has maintained strict control of overheads and costs – a crucial area within our industry, whilst aiming to offer a premier service. Throughout the year we have been working towards BS5750 accreditation and hope to achieve this very shortly.

Our seafreight division, operating under the banner "Channel Express Line" has seen very encouraging growth, continuing to attract new business and regular support from customers who are primarily serviced by our Manchester Head Office and Heathrow locations.

Dennis Mead: Managing Director, Benair Freight Limited

Our Singapore and Hong Kong offices have made significant contributions to the year's profits, mainly trading with our UK offices. They have also developed their own home markets in the fast growing Pacific Rim economies.

Building upon our well established ornamental fish business Benair now import for and provide after sales service to leading ornamental fish specialists throughout Britain. Shipments arrive on a daily basis at our Manchester and London Heathrow offices, from Hong Kong, Singapore and other exporting countries.

Recognising the strength of establishing "niche" markets to the Far East and USA, Benair have employed experienced key Route Development Managers who have specific responsibility for these growing and important trade areas of the world.

In a positive move towards further growth, Benair has recently signed an exclusive partnership agreement with a leading US airfreight corporation. This will allow Benair to provide air and seafreight services for our customers to and from 22 US locations via 8 gateways. A further area of immediate development will see the expansion of our Heathrow office which is moving to larger purpose built offices within the Channel Express Heathrow depot and the employment of additional London based sales executives.

Benair now look forward to further positive growth as we enter the new financial year as one of the UK's major freight forwarders.

Channel Express Limited

Our UK distribution company operates a temperature controlled nationwide flower distribution service to all wholesale flower markets and some larger retail outlets. Depots in Bournemouth, Derby and at Heathrow Airport receive flowers from the Channel Islands as well as from more exotic climates worldwide, which arrive through Heathrow, Gatwick and the Channel ports. Boxes are sorted within the Company's distribution system for onward despatch to arrive at the markets overnight.

The Company's depots are also receiving centres for freight despatched to the Channel Islands on returning transport. With continuous upgrading of equipment, including temperature control facilities, we are meeting the high standards demanded by the new food regulations and are responding to the increased demand by major multiples for the delivery of chilled products to the Islands.

John Adams: Managing Director, Channel Express Limited

During the coming year management will be developing and streamlining the Heathrow depot's operations, joining forces with our sister company, Benair, to provide increased levels of services to customers. We will also be seeking new opportunities to develop further services to other offshore islands, aiming to maximise the Company's resources during off peak periods.

During 1992 we hope to be awarded BS5750 Quality Control accreditation, reflecting our continuing aim to provide a quality service.

Channel Express (C.I.) Limited

With depots in Guernsey and Jersey our Channel Islands Company despatches cut flowers and pot plants on the Group's aircraft and vehicles for delivery by the Group's UK flower distribution network.

During the current recessionary climate the Company has continued to consolidate and streamline its operations whilst maintaining vital service levels. Further improvements to systems – upgrades to the computer linked barcode scanning system and improved flower box sorting and handling – have increased the number of UK markets we are able to serve direct from the Islands thus reducing costs. Investment in new purpose built vehicles and the improved ferry links to Poole and Portsmouth have resulted in the Company offering a more frequent and efficient service by sea which is much appreciated by Channel Islands growers and which complements our scheduled air link. Our Jersey operation has particularly benefited from this investment, gaining new contracts to carry fresh Island produce to the mainland.

The present economic climate has encouraged the Islands' growers and exporters to unite in a positive effort to expand their customer base with the help of continuing States support. Channel Express has been liaising closely to help develop these plans and create new market opportunities.

As the anticipated economic recovery begins we look forward to working in close partnership with the Guernsey and Jersey growers and exporters to further develop new outlets for their quality products.

The Directors present their report and the audited accounts for the year ended 31 March 1992.

Change of name

At an Extraordinary General Meeting held on 31 May 1991 the name of the Company was changed from Channel Express Group plc to Dart Group PLC, with effect from that date.

Principal activity and business review

Dart Group PLC is a diversified aviation services, and forwarding and distribution group specialising in:

- the operation of a fleet of freighter aircraft on charter contracts throughout Europe and the United Kingdom and on scheduled freight services to and from the Channel Islands;
- the supply and repair of aircraft instruments and radio equipment;
- freight forwarding at London Heathrow, Manchester and other regional airports. The freight forwarding division, the Benair Group, also has offices in Singapore, Hong Kong, Kuala Lumpur and Taiwan with agents throughout the world;
- the distribution of flowers from the Channel Islands, together with English and imported flowers, to wholesale markets, major retailers and supermarkets throughout the United Kingdom.

The Company also has a 49% interest in Ferryspeed Limited, which offers a temperature controlled transportation service for produce and goods to and from Jersey.

A detailed review of the year's business and of future developments is given in the Chairman's Statement and in the Review of Operations.

Results and dividends

The results for the year are set out in the Profit and Loss Account and show a profit, after taxation, of £1,362,000 (1991 – £1,202,000) and a profit for the year, after the proposed dividend, of £859,000 (1991 – £813,000) which has been transferred to reserves.

An interim dividend of 1.3p (1991 – 1.2p) per share (excluding the associated tax credit at the basic rate of tax of 25%) was paid on 16 January 1992.

Subject to shareholders' approval, the Directors recommend the payment of a final dividend of 2.0p (1991 – 1.8p) per share (excluding the associated tax credit at the basic rate of tax of 25%) which will be paid on 19 August 1992.

Directors and their interests

The Directors who served during the year and their beneficial interests in the Company are set out below:

(a)

	Ordinary shares 31 March 1992	Ordinary shares 31 March 1991 (or date of appointment if later)
P H Meeson	8,571,429	8,571,429
S P Taylor (resigned 15 November 1991)	1,666	7,500
I M Fox (appointed 15 April 1991)	10,076	700
S P Barker	8,069	—
T P Crowley	6,111	5,000

(b) No Directors have a non-beneficial interest in the shares of the Company. P H Meeson holds as trustee of the Company one ordinary share in each of the subsidiary undertakings' issued share capital.

(c) There have been no changes in the interests of the Directors between 31 March 1992 and 4 June 1992.

(d) None of the Directors has any direct or indirect interest in any contract or arrangement subsisting at the date of these accounts which is significant in relation to the business of the Group.

(e) S P Barker, who has no contractual period of notice with the Company, retires by rotation and, being eligible, offers himself for re-election.

(f) Directors' Share Options
During the year, the following Directors held interests in Options granted under the Group's Executive Share Option Scheme:

Name	Date of Grant	Exercise price	31 March 1992	31 March 1991
I M Fox	17 October 1988	30.3p	6,825	13,500
	18 January 1990	90.9p	7,078	7,000
	30 December 1991	125.0p	25,000	—
S P Taylor	6 June 1990	93.9p	—	10,000

Options granted prior to June 1991 and their exercise prices have been adjusted to reflect the change in the Group's share capital following the 2 for 9 rights issue, referred to below.

During the year I M Fox exercised options over 6,826 shares and the options granted to S P Taylor lapsed upon his resignation on 15 November 1991.

(g) Directors' and Officers' Liability Insurance
During the year, the Company maintained liability insurance for its directors and officers as permitted by section 310(3) of the Companies Act 1985.

Material holdings
Apart from the interest of P H Meeson in the capital of the Company, the Directors are aware of the following holdings in excess of 3% as at 11 May 1992:

Friends Provident Unit Trust and Pension Funds	5.57%
General Portfolio Life Insurance PLC	4.68%
Prudential Assurance Company Limited	3.24%

Significant changes in fixed assets
The Group's aircraft fleet was extensively refurbished during the year. The total movements in fixed assets are disclosed in Note 11 to the Accounts.

Movements in share capital
The Company's authorised share capital was increased from 15 million to 20 million ordinary shares by special resolution at an Extraordinary General Meeting held on 28 June 1991.

The issued share capital was increased by 2,767, 260 ordinary shares as a result of a rights issue of 2 new ordinary shares for each 9 shares held and by 49,003 shares following the exercise of their rights by holders of share options granted on 17 October 1988.

Further details of the movements in share capital are given in Note 19 to the Accounts.

Close Company status
The Company is a close company as defined in the Income and Corporation Taxes Act 1988.

Employment of disabled persons
The Group has a policy of supporting the employment of disabled people where suitable jobs are available, and also to retain wherever possible those who become disabled during their employment.

Employee involvement

The Group recognises the importance of promoting and maintaining good communications with its employees so that they may participate fully in matters of concern.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Ernst & Young as auditors to the Company will be put to the Annual General Meeting.

By order of the Board

T P Crowley

Secretary
4 June 1992

Consolidated Profit and Loss Account
for the year ended 31 March 1992

	Notes	*1992* *£'000*	*1991* *£'000*
TURNOVER	2	37,417	32,432
Net operating expenses	3	(35,303)	(30,538)
OPERATING PROFIT		2,114	1,894
Other income/(charges)	4	19	42
Net interest payable	5	(256)	(133)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	1,877	1,803
Taxation	8	(515)	(601)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,362	1,202
Dividends	9	(503)	(389)
RETAINED PROFIT FOR THE YEAR		859	813
EARNINGS PER SHARE	10	9.4p	9.7p

A statement of the movement on reserves is given in notes 20 and 21 to the accounts.

Consolidated Balance Sheet
at 31 March 1992

	Notes	1992 £'000	1992 £'000	1991 £'000	1991 £'000
FIXED ASSETS					
Tangible assets	11		11,253		9,297
Investments	12		53		53
			11,306		9,350
CURRENT ASSETS					
Stock	13	899		640	
Debtors	14	6,086		5,322	
Investments	15	1		1	
Cash at bank and in hand		2,385		972	
		9,371		6,935	
CURRENT LIABILITIES					
CREDITORS: amounts falling due within one year	16	(8,508)		(7,474)	
NET CURRENT ASSETS/(LIABILITIES)			863		(539)
TOTAL ASSETS LESS CURRENT LIABILITIES			12,169		8,811
CREDITORS: amounts falling due after more than one year	17	(1,718)		(1,298)	
PROVISION FOR LIABILITIES AND CHARGES	18	(2,329)		(3,121)	
			(4,047)		(4,419)
			8,122		4,392
CAPITAL AND RESERVES					
Called up share capital	19		1,527		1,245
Share premium account	20		3,451		891
Profit and loss account	21		3,144		2,256
			8,122		4,392

The accounts on pages 13 to 29 were approved by the Board of Directors at a meeting held on 4 June 1992 and were signed on its behalf by:

P H MEESON)
) Directors
T P CROWLEY)

Balance Sheet

at 31 March 1992

	Notes	1992 £'000	1992 £'000	1991 £'000	1991 £'000
FIXED ASSETS					
Tangible assets	11		51		45
Investments	12		827		827
			878		872
CURRENT ASSETS					
Debtors	14	9,284		6,418	
Cash at bank and in hand		2,207		238	
		11,491		6,656	
CREDITORS: amounts falling due within one year	16	(3,017)		(2,708)	
NET CURRENT ASSETS			8,474		3,948
TOTAL ASSETS LESS CURRENT LIABILITIES			9,352		4,820
CREDITORS: amounts falling due after more than one year	17	(3,831)		(1,979)	
PROVISION FOR LIABILITIES AND CHARGES	18	—		(2)	
			(3,831)		(1,981)
			5,521		2,839
CAPITAL AND RESERVES					
Called up share capital	19		1,527		1,245
Share premium account	20		3,451		891
Profit and loss account	21		543		703
			5,521		2,839

The accounts on pages 13 to 29 were approved by the Board of Directors at a meeting held on 4 June 1992 and were signed on its behalf by:

P H MEESON)
) Directors
T P CROWLEY)

Consolidated Cash Flow Statement

for the year ended 31 March 1992

	Notes	1992 £'000	1992 £'000	1991 £'000	1991 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	26		3,352		2,954
RETURNS ON INVESTMENT AND SERVICING OF FINANCE					
Dividends paid		(422)		(348)	
Interest paid: bank loans		(532)		(309)	
finance leases		(56)		(96)	
Interest received		132		198	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE			(678)		(555)
TAXATION					
Corporation and advance corporation tax paid			(380)		(353)
INVESTING ACTIVITIES					
Acquisition of businesses		—		(36)	
Purchase of investments		—		(16)	
Purchase of fixed assets		(3,851)		(3,363)	
Proceeds from disposal of fixed assets		261		348	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(3,590)		(3,067)
NET CASH OUTFLOW BEFORE FINANCING			(1,296)		(1,021)
FINANCING					
Proceeds of rights issue	19, 20	(2,827)		—	
Options exercised	19, 20	(15)		—	
Loans repaid	17	609		221	
Finance leases repaid	17	359		537	
New loans	17	(1,395)		—	
NET CASH OUTFLOW (INFLOW) FROM FINANCING			(3,269)		758
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25		1,973		(1,779)
			(1,296)		(1,021)

Notes to the Accounts
at 31 March 1992

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Basis of consolidation

The accounts of the Company and all of its trading subsidiary undertakings are consolidated on the basis of accounts made up to 31 March 1992.

Goodwill arising on consolidation is written off in the year of acquisition directly against reserves.

Companies in which the Group has an interest comprising not less than 20% of the voting capital, which are not subsidiary undertakings, are treated as associated undertakings. The consolidated accounts include the appropriate share of these companies' res-ilr and reserves, based on accounts made up to 31 March 1992.

Turnover

Turnover (which excludes Value Added Tax), represents air charters, repair and supply of aircraft instruments, income from freight forwarding, flower distribution, freight services and all other charges for services provided by the Group.

Aircraft maintenance provisions

Provision is made for maintenance of the aircraft, engines and propellers on a usage basis in respect of specific periodic maintenance costs. All other repairs are charged to the Profit and Loss Account as incurred.

Stock

Aircraft spares are valued at the lower of cost and estimated net realisable value. Net realisable value is that which would arise on sales in the normal course of business.

Tangible fixed assets

Tangible fixed assets are stated at cost to the Group. Costs associated with the introduction of a new type of aircraft are capitalised. Depreciation is calculated to write off the cost of fixed assets on the straight line method over their estimated useful lives as follows:

Leasehold property	Over the term of lease
Aircraft, engines and propellers	3–10 years
Plant, vehicles and equipment	3–7 years

The freehold property has not been depreciated as, having regard to the nature of the property, the Directors consider that its residual value, which was based upon prices prevailing at the time of acquisition, is not materially less than the amount shown in the accounts. Any material future permanent diminution in value will be provided through the profit and loss account.

Deferred taxation

The Group provides deferred taxation using the liability method at current rates of tax to take account of all timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes to the extent that, in the opinion of the Directors, these timing differences will reverse in the foreseeable future.

Finance leases

Assets acquired under finance leases are capitalised and recorded as an obligation to pay future rentals. Finance charges are allocated to accounting periods on the basis of the obligation for each accounting period.

1. **ACCOUNTING POLICIES** (continued)

Foreign currency

Transactions in foreign currencies have been translated into sterling at the rates applicable when they were completed and assets and liabilities at the year end have been translated at the rates at that date. Differences arising on exchange are reflected in the results for the year.

On consolidation, assets and liabilities in foreign currencies are translated to sterling at closing rates of exchange. Income and cash flow statements are translated at average rates of exchange. Exchange differences arising on the retranslation of opening net assets, together with differences between income statements translated at average and at closing rates, are dealt with in reserves.

2. **TURNOVER**

	1992 £'000	1991 £'000
Forwarding, Transport and Distribution	19,218	15,880
Aviation Services	18,199	16,552
	37,417	32,432
Turnover arising within:		
The United Kingdom, Channel Islands and Eire	34,155	30,270
The Far East	3,262	2,162
	37,417	32,432

Analysis of Profit before tax between the different segments of the Group is not given as, in the opinion of the Directors, such an analysis would be seriously prejudicial to the commercial interests of the Group. Turnover to third parties by destination is not materially different to that by source.

3. **NET OPERATING EXPENSES**

	1992 £'000	1991 £'000
Direct operating costs	20,164	16,754
Staff costs	6,968	6,821
Depreciation:		
Own assets	1,707	1,078
Assets held under finance leases	210	262
Other operating charges	6,459	5,760
Other operating income	(205)	(137)
	35,303	30,538

4. **OTHER INCOME/(CHARGES)**

	1992 £'000	1991 £'000
Profit on sale of fixed assets	19	150
(Loss)/profit attributable to associated undertakings	—	(108)
	19	42

Notes to the Accounts

at 31 March 1992

5. NET INTEREST PAYABLE

	1992 £'000	1991 £'000
On bank loans and overdrafts and other loans wholly repayable within five years	(332)	(309)
Less: interest capitalised	—	74
On finance leases wholly repayable within five years	(56)	(96)
	(388)	(331)
Interest receivable	132	198
	(256)	(133)

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

		1992 £'000	1991 £'000
Profit on ordinary activities before taxation is after charging:			
Aircraft maintenance provision		2,385	2,621
Auditors' remuneration		46	50
Operating lease rentals:	land and buildings	511	410
	plant and machinery	2,193	594

7. DIRECTORS AND EMPLOYEES

The average weekly number of persons, including Executive Directors, employed by the Group during the year was:

	1992 Number	1991 Number
Operations	289	290
Administration	102	86
	391	376

Staff costs:	1992 £'000	1991 £'000
Wages and salaries	6,238	6,173
Social Security costs	615	546
Other pension costs	115	102
	6,968	6,821

The remuneration paid to Directors was:	1992 £'000	1991 £'000
Fees	12	12
Other emoluments (including pension contributions)	187	151
Management emoluments (excluding pension contributions) included amounts paid to:		
The Chairman and highest paid Director	73	71

7. DIRECTORS AND EMPLOYEES (continued)

The number of Directors who received management emoluments (excluding pension contributions) in the following ranges was:

	1992 Number	*1991 Number*
£ 5,001 – £10,000	—	1
£10,001 – £15,000	1	1
£35,001 – £40,000	1	—
£60,001 – £65,000	—	1
£65,001 – £70,000	1	—
£70,001 – £75,000	1	1

The other Director, T P Crowley, is a partner in Hillman, Rind & Co., Chartered Accountants, a firm which provides professional services to the Group. Fees amounting to £15,000 (1991 – £14,000) chargeable by that firm have been included in these accounts.

8. TAXATION

	1992 £'000	*1991 £'000*
UK Corporation Tax:		
Current taxation at 33% (1991 – 34%)	133	244
Prior year over provision	(55)	—
Deferred taxation	337	285
Overseas taxation	101	72
Prior year over provision	(1)	—
	515	601

9. DIVIDENDS

	1992 £'000	*1991 £'000*
Interim 1.3 pence (1991 – 1.2 pence) per share – paid	198	149
Adjustment to final dividend for the year to 31 March 1990 – paid	—	16
Final 2.0 pence (1991 – 1.8 pence) per share – proposed	305	224
	503	389

10. EARNINGS PER SHARE

Earnings per share is calculated on the basis of earnings for the year ended 31 March 1992 of £1,362,000 (1991 – £1,202,000) and on 14,561,245 shares (1991 – 12,255,869) being the weighted average number of shares in issue for the year.

Earnings per share for the year ended 31 March 1991 has been adjusted to account for the bonus element in the rights issue in June 1991.

Notes to the Accounts
at 31 March 1992

11. TANGIBLE ASSETS

Group	*Freehold property* £'000	*Short Leasehold property* £'000	*Aircraft, engines & propellers* £'000	*Plant, vehicles & equipment* £'000	*Total* £'000
Cost					
At 1 April 1991	345	301	7,850	5,132	13,628
Additions	—	65	3,478	569	4,112
Disposals	—	—	(247)	(157)	(404)
Exchange adjustments	—	—	—	5	5
At 31 March 1992	345	366	11,081	5,549	17,341
Depreciation:					
At 1 April 1991	—	79	1,244	3,008	4,331
Additions	—	28	1,076	813	1,917
Disposals	—	—	(57)	(105)	(162)
Exchange adjustments	—	—	—	2	2
At 31 March 1992	—	107	2,263	3,718	6,088
Net book value:					
At 31 March 1991	345	222	6,606	2,124	9,297
At 31 March 1992	345	259	8,818	1,831	11,253
Net book value of assets held under finance leases					
At 31 March 1991	—	—	—	698	698
At 31 March 1992	—	—	—	545	545

No interest was capitalised during the year (1991 – £74,000 capitalised and included in additions to aircraft, engines and propellers).

11. TANGIBLE ASSETS (continued)

Company	*Short Leasehold property* £'000	*Plant, vehicles & equipment* £'000	*Total* £'000
Cost:			
At 1 April 1991	5	294	299
Additions	—	37	37
Disposals	—	(21)	(21)
At 31 March 1992	5	310	315
Depreciation:			
At 1 April 1991	1	253	254
Charge for the year	4	19	23
Eliminated on disposals	—	(13)	(13)
At 31 March 1992	5	259	264
Net book value.			
At 31 March 1991	4	41	45
At 31 March 1992	—	51	51

12. INVESTMENTS

Group	*1992* £'000
Shares in associated undertakings:	
Shares at cost	139
Share of prior year losses	(101)
Net investment at 1 April 1991	38
Share of profit of associated undertakings for the year	—
Net investment at 31 March 1992	38

In the opinion of the Directors the Group's share of the net assets of associated undertakings does not differ materially from the amount shown above.

Other investment:	
At cost	30
Provision for diminution in value	(15)
	15
Total Group investments	53

Notes to the Accounts
at 31 March 1992

12. INVESTMENTS (continued)

	1992
	£'000
Company	
Shares in subsidiary undertakings at cost:	
At 1 April 1991 and 31 March 1992	703
Shares in associated undertaking at cost:	
At 1 April 1991 and 31 March 1992	124
	827

The principal subsidiary undertakings, which are wholly owned are:

NAME	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION OR REGISTRATION
Channel Express (Air Services) Limited	Freighter aircraft fleet operator	Guernsey
Deltec Aviation Services Limited	Supply and repair of aircraft instruments and radio equipment	England
Benair Freight Limited	Freight forwarding	England
Benair Freight Pte Limited	Freight forwarding	Singapore
Benair (Hong Kong) Limited	Freight forwarding	Hong Kong
Channel Express (CI) Limited	Provision of freight forwarding services, principally to growers in the Channel Islands	Guernsey
Channel Express Limited	Temperature controlled nationwide flower distribution	England

All subsidiaries are wholly owned by the Company with the exception of Benair (Hong Kong) Limited which is wholly owned by a subsidiary undertaking. The issued share capital of each subsidiary and associated undertaking consists entirely of ordinary shares.

The Company has a 49% interest in the issued ordinary share capital of Ferryspeed Limited, a company incorporated in England and operating as a distributor and forwarder of temperature controlled goods. Through a subsidiary, the Company has a 50% interest in Benair Freight (Malaysia) Sdn Bhd., a company incorporated and operating as a freight forwarder in Malaysia. These two companies are classed as associated undertakings.

All companies operate in their respective countries of incorporation or registration with the exception of Channel Express (Air Services) Limited which operates in the United Kingdom and Europe.

13. STOCK

	1992	1991
	£'000	£'000
Spare parts for aircraft	866	608
Sundries	33	32
	899	640

14. DEBTORS

	1992 Group £'000	1992 Company £'000	1991 Group £'000	1991 Company £'000
Trade debtors	4,688	—	4,148	—
Amounts owed by Group undertakings	—	8,998	—	6,264
Amounts owed by associated undertakings	3	—	24	10
Other debtors and prepayments	1,395	286	1,150	144
	6,086	9,284	5,322	6,418

15. CURRENT ASSET INVESTMENTS

	1992 Group £'000	1992 Company £'000	1991 Group £'000	1991 Company £'000
Unlisted	1	—	1	—

16. CREDITORS: amounts falling due within one year

	1992 Group £'000	1992 Company £'000	1991 Group £'000	1991 Company £'000
Bank overdrafts	—	—	560	14
Loan repayments	763	464	431	350
Trade creditors	5,314	69	4,172	48
Amounts owed to Group undertakings	—	1,920	—	1,956
Amount owed to associated undertakings	—	—	3	1
Corporation tax	268	—	346	8
Other taxation and social security	443	44	252	26
Other creditors and accruals	1,180	207	1,183	81
Obligations under finance leases	235	8	303	—
Dividend proposed	305	305	224	224
	8,508	3,017	7,474	2,708

Notes to the Accounts

at 31 March 1992

17. CREDITORS: amounts falling due after more than one year

	1992		1991	
	Group	*Company*	*Group*	*Company*
	£'000	*£'000*	*£'000*	*£'000*
Amounts owed to Group undertakings	—	3,085	—	1,100
Obligations under finance leases	187	11	217	—
Loans	1,463	735	1,009	879
Overseas taxation	61	—	59	—
Grants	7	—	13	—
	1,718	3,831	1,298	1,979

Loans and finance leases are repayable as follows:

	1992		1991	
	Group	*Company*	*Group*	*Company*
	£'000	*£'000*	*£'000*	*£'000*
Between one and two years:				
Loans	731	464	431	350
Finance leases	118	8	217	—
Between two and five years:				
Loans	732	271	578	529
Finance leases	69	3	—	—
	1,650	746	1 226	879

The Company loans are secured on certain of the Group's aircraft.

Changes in financing during the year:

	Finance Loans		Finance Leases	
	1992	*1991*	*1992*	*1991*
	£'000	*£'000*	*£'000*	*£'000*
At 1 April 1991	1,440	1,661	520	813
New loans and finance leases	1,395	—	261	244
Repayments of capital	(609)	(221)	(359)	(537)
At 31 March 1992	2,226	1,440	422	520

18. PROVISION FOR LIABILITIES AND CHARGES

	1992 £'000	1991 £'000
Group		
Provision for aircraft maintenance:		
Provision at 1 April 1991	2,200	2,270
Charge for the year	2,385	2,621
Application against provision	(3,518)	(2,691)
Provision at 31 March 1992	1,067	2,200
Deferred taxation:		
Provision at 1 April 1991	921	636
Under provision in previous year	4	—
Charge for the year	337	285
Provision at 31 March 1992	1,262	921
	2,329	3,121

	1992 £'000
Company	
Deferred taxation	
Provision at 1 April 1991	2
Released for the year	(2)
Provision at 31 March 1992	—

Full provision is made for deferred taxation, which consists wholly of accelerated capital allowances.

Notes to the Accounts
at 31 March 1992

19. CALLED UP SHARE CAPITAL

	Number of shares	1992 £'000	1991 £'000
Authorised Ordinary shares of 10p each	20,000,000	2,000	1,500
Allotted, called-up and fully paid			
As at 1 April 1991	12,452,667	1,245	1,143
Rights issue	2,767,260	277	—
Options exercised	49,003	5	—
Part consideration on the acquisition of the Benair Group	—	—	100
Part consideration on the acquisition of Deltec Aviation Services Limited	—	—	2
As at 31 March 1992	15,268,930	1,527	1,245

The Company raised £2.83 million, net of expenses, as a result of the rights issue during the year. These funds were utilised to refurbish extensively the aircraft fleet and to reduce the Company's indebtedness.

The Company has granted options to employees under the Dart Group Executive Share Option Schemes in respect of 473,335 (1991 – 484,000) ordinary shares of 10p each as follows:

NUMBER OF SHARES	OPTION PRICE	OPTION EXERCISABLE
131,493	30.3p per share	On 41,245 shares from 17 October 1991 and on all the shares from 17 October 1994. The options expire on 17 October 1998.
135,500	90.9p per share	On half of the shares from 18 January 1993 and on all the shares from 18 January 1996. The options expire on 18 January 2000.
15,168	93.9p per share	On half the shares from 6 June 1993 and on all the shares from 6 June 1996. The options expire on 6 June 2000.
106,174	83.8p per share	On half the shares from 16 January 1994 and on all the shares from 16 January 1997. The options expire on 16 January 2001.
85,000	125.0p per share	On half of the shares from 31 December 1994 and on all the shares from 31 December 1997. The options expire on 31 December 2001.

The option price has been amended as a result of the rights issue in June 1991.

20. SHARE PREMIUM ACCOUNT

	1992
Group and Company	*£'000*
Balance at 1 April 1991	891
Rights issue, less expenses	2,550
Options exercised	10
As at 31 March 1992	3,451

21. PROFIT AND LOSS ACCOUNT

	1992	
	Group	*Company*
	£'000	*£'000*
Balance at 1 April 1991	2,256	703
Retained earnings for the year	859	(160)
Exchange differences	29	—
Balance at 31 March 1992	3,144	543

The Company has taken advantage of the provisions of Section 230 of the Companies Act 1985 and has not published its own Profit and Loss Account. Of the profit on ordinary activities after taxation for the year £343,860 (1991 – £4,000: loss) is dealt with in the accounts of the holding company. The cumulative goodwill written off against reserves as at 31 March 1992 amounted to £874,000.

22. PENSION COSTS

All Group pensions are to be provided from the proceeds of money purchase schemes and the Group has no obligation to meet any shortfalls arising from actuarial valuations lower than those originally anticipated. The charge to the Profit and Loss Account represents the payments due during the year.

23. COMMITMENTS

	1992		1991	
Capital commitments	*Group*	*Company*	*Group*	*Company*
	£'000	*£'000*	*£'000*	*£'000*
Contracted for but not provided	—	—	—	13
Authorised but not contracted for	1,650	—	1,500	—
	1,650	—	1,500	13

Annual commitments under non-cancellable operating leases

	1992		1991	
	Land & buildings	*Plant & Machinery*	*Land & buildings*	*Plant & Machinery*
Group	*£'000*	*£'000*	*£'000*	*£'000*
Operating leases which expire:				
within one year	97	1,919	101	870
between two and five years	164	—	102	4
over five years	175	—	221	—
	436	1,919	424	874

Notes to the Accounts
at 31 March 1992

24. **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities at 31 March 1992 or 31 March 1991.

The Company has cross guarantees in respect of the banking arrangements of subsidiary undertakings.

25. **CASH AND CASH EQUIVALENTS**

Analysis of balances shown in the Group balance sheet and changes in the current and previous year:

	1992 *£'000*	1991 £'000	Changes in year £'000
Cash at bank and in hand	2,385	972	1,413
Bank Overdraft	—	(560)	560
	2,385	412	1,973

	1991 *£'000*	*1990* *£'000*	*Changes in year* *£'000*
Cash at bank and in hand	972	2,191	(1,219)
Bank Overdraft	(560)	—	(560)
	412	2,191	(1,779)

26 **RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1992 *£'000*	1991 £'000
Operating Profit	2,114	1,894
Depreciation	1,917	1,340
Decrease (increase) in stock	(259)	(143)
Decrease (increase) in debtors	(634)	465
(Decrease) increase in creditors	1,321	(528)
Provision for aircraft maintenance	2,385	2,621
Aircraft maintenance expenditure	(3,518)	(2,691)
Exchange differences	26	(4)
Net cash inflow from operating activities	3,352	2,954

To the members of Dart Group PLC

We have audited the accounts on pages 13 to 29 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31 March 1992 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young

Chartered Accountants
Registered Auditor
London

4 June 1992

Financial Calendar

Results for the six months to 30 September 1992	November 1992
Interim dividend paid	January 1992
Results for the twelve months to 31 March 1993	June 1993
Annual General Meeting	June 1993
Final dividend paid	August 1993

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at 10.00 a.m. on Tuesday, 30 June 1992 at 36 St Andrew's Hill, London EC4V 5DE, for the transaction of the following business:

Ordinary Business

(1) To receive and consider the Directors' Report and Accounts for the year ended 31 March 1992, together with the Auditors' Report.

(2) To declare a final dividend for the year ended 31 March 1992 of 2.0 pence per ordinary share.

(3) To re-elect Mr S P Barker as a Director.

(4) To re-appoint Ernst & Young as Auditors and authorise the Directors to fix their remuneration.

Special Business

(5) To consider, and if thought fit, approve the following resolution which it is intended to propose as a Special Resolution:

To resolve that the Directors be empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities for cash (within the meaning of Section 94 of that Act) as if sub-section (1) of Section 89 of the Companies Act 1985 did not apply to any such allotment provided that this power shall expire on the date of the next Annual General Meeting of the Company after the passing of this resolution, and shall be limited to:

(a) the allotment of equity securities in connection with a rights issue to ordinary shareholders in proportion (or as nearly as may be) to the respective numbers of ordinary shares held by them (but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements; record dates; or other legal or practical problems under the laws of or the requirements of any recognised regulatory body or any stock exchange in any territory or otherwise howsoever); and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount equal to 5% of the issued share capital at the time of the passing of this resolution;

Save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offer or agreement as if the power conferred had not expired.

Dated 4 June 1992
By order of the Board
T P Crowley
Secretary

Registered Office
Cargo Terminal
Bournemouth International Airport
Christchurch
Dorset BH23 6DL

A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and a proxy need not be a member of the Company.

The register of directors' shareholdings and copies of directors' service contracts will be available for inspection at the registered office during normal business hours on any weekday excluding Saturdays and public holidays from the date of this notice until the date of the meeting and at the place of the meeting from 9.45 a.m. until the conclusion of the meeting.

A form of proxy is enclosed herewith and attention is directed to the guidance in the footnotes thereon.

NOTICE OF ILLEGIBLE DOCUMENT

ON THE MICROFICE RECORD

Companies House regrets that the microfiche record for this company contain some documents which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.