Greaves Travel Limited

Directors' report and financial statements

Registered number 1032421

31 March 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2000.

Principal activities

There have been no material changes in the principal activities of the company which continue to be that of a travel agent in the UK and Canada.

Results and dividends

The profit for the year transferred to reserves was £178,687 *(1999: £138,000)*. The directors do not recommend the payment of a final dividend. No interim dividends were paid during the year *(1999: £nil)*.

Directors and directors' interests

The directors who held office during the year and their interests in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	2000	1999
RS Cambata (Chairman)	**36,000**	36,000
MWJ Cambata (deceased 5 December 1998)	**-**	36,000
SR Cambata	**84,600**	75,600
Mrs M Dalton	**84,600**	75,600
Mrs A Captain	**45,000**	36,000
FE Marchant (deceased 6 January 2000)	**-**	-
SN Bartarya	**-**	-
JR Harris	**10,800**	10,800

The directors retiring by rotation are Mrs M Dalton and JR Harris who, being eligible, offer themselves for re-election.

Year 2000

The directors are satisfied that they took sufficient steps to address the Year 2000 issue and to date there has been no significant effect on the business operations and trading activities of the company as a result of the issue. The costs of addressing the issue were not significant and any future costs are also not anticipated to be significant.

Directors' report

Statement of 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 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.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Charitable and political contributions

The company made charitable donations of £4,061 during the year *(1999: £4,682)*, and no political donations.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

M Dalton
Secretary

33-34 Marylebone High Street
London
W1M 3PF

15 | JUNE | 2000

KPMG
PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditors' report to the members of Greaves Travel Limited

We have audited the financial statements on pages 4 to 17.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

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 the company's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

20th June 2000

Profit and loss account

for the year ended 31 March 2000

	Note	2000 £	1999 £
Turnover	2	**30,358,837**	27,746,857
Cost of sales		**(27,738,057)**	(25,334,451)
Gross profit		**2,620,780**	2,412,406
Administrative expenses		**(2,367,327)**	(2,229,939)
Operating profit		**253,453**	182,467
Income from fixed asset investments		**547**	82
Interest receivable and similar income	4	**107,580**	114,880
Interest payable and similar charges	5	**(64,893)**	(75,645)
Profit on ordinary activities before taxation	3	**296,687**	221,784
Tax on profit on ordinary activities	7	**(118,000)**	(83,784)
Retained profit for the financial year	16	**178,687**	138,000

The results for the current and preceding year arise from continuing business activities.

A statement of total recognised gains and losses has not been prepared as all recognised gains and losses are included in the above profit and loss account.

The results disclosed in the profit and loss account are on a historical cost basis.

Balance sheet

at 31 March 2000

	Note	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	8		**937,409**		965,398
Investments	9		**752**		752
			938,161		966,150
Current assets					
Debtors	10	**575,488**		551,355	
Cash at bank and in hand		**1,946,009**		1,922,848	
		2,521,497		2,474,203	
Creditors: amounts falling due within one year	11	**(2,119,223)**		(2,074,702)	
Net current assets			**402,274**		399,501
Total assets less current liabilities			**1,340,435**		1,365,651
Creditors: amounts falling due after more than one year	12		**(123,858)**		(327,761)
Net assets			**1,216,577**		1,037,890
Capital and reserves					
Equity: Ordinary share capital	15	**360,000**		360,000	
Capital redemption reserve	16	**75,000**		75,000	
Profit and loss account	16	**781,577**		602,890	
Shareholders' funds	17		**1,216,577**		1,037,890

These financial statements were approved by the board of directors on 15th June 2000 and were signed on its behalf by:

RS Cambata
Director

Cash flow statement

for the year ended 31 March 2000

	Note	2000		1999	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	*18*		**376,928**		(23,267)
Return on investments and servicing of finance					
Interest received		**107,580**		114,880	
Interest paid on bank loans and overdrafts		**(52,199)**		(57,695)	
Interest paid under hire purchase contracts		**(12,694)**		(10,950)	
Interest paid on other loans		**-**		(7,000)	
Dividends received		**547**		82	
Net cash inflow from returns on investment and servicing of finance			**43,234**		39,317
Taxation					
Corporation tax paid		**(84,209)**		(97,474)	
Tax paid			**(84,209)**		(97,474)
Capital expenditure and financial investment					
Payment to acquire tangible fixed assets		**(119,919)**		(370,006)	
Receipts from sale of tangible fixed assets		**27,800**		10,575	
Receipt from sale of investments		**-**		10,000	
Net cash outflow from capital expenditure			**(92,119)**		(349,431)
Net cash inflow/(outflow) before management of liquid resources and financing			**243,834**		(430,855)
Management of liquid resources					
Increase/(decrease) in short term deposits			**(147,645)**		142,959
Financing					
Repayment of amounts borrowed		**(170,000)**		(50,773)	
Capital element of hire purchase contract payments		**(50,673)**		(38,195)	
Net cash outflow from financing			**(220,673)**		(88,968)
Decrease in cash	*19*		**(124,484)**		(376,864)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Turnover

Turnover represents gross amounts invoiced by the company in respect of goods sold and services rendered during the year stated net of value added tax.

Turnover is recognised at the earlier of full payment or the due date.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Leasehold properties and improvements	-	life of lease to a maximum of 50 years
Plant, equipment, fixtures and fittings	-	10% reducing balance
Motor vehicles	-	20% reducing balance

Leases and hire purchase

Assets acquired under finance lease agreements or hire purchase contracts are capitalised and liabilities are set up for the capital portions of the investment. The interest is charged to the profit and loss account in the period in which it is paid.

Rentals under operating leases are charged to the profit and loss accounts on a straight line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. All exchange differences are taken to the profit and loss account. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Non monetary assets, to the extent that they are covered by monetary liabilities, are also converted at the rates ruling at the balance sheet date. Non monetary assets not so matched are translated at the effective rate ruling on dates such assets were acquired.

Notes *(continued)*

1 Accounting policies (continued)

Pensions

The company operates a defined contribution scheme for its senior executives and employees. The assets are held separately from those of the company in an independently administered fund. Payments into the scheme are charged to the profit and loss account as they are incurred, and amounted to £71,252 *(1999: £76,860)*. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Deferred taxation

Provision is made for deferred taxation on the liability method for all taxation deferred in respect of all timing differences to the extent that such differences are expected to crystallise.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year.

2 Analysis of turnover

	2000 £	1999 £
By geographical area		
United Kingdom	**27,905,155**	25,244,621
Canada	**2,453,682**	2,502,236
	30,358,837	27,746,857

3 Profit on ordinary activities before taxation

	2000 £	1999 £
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration:		
Audit	**13,500**	13,000
Other	**813**	1,207
Depreciation of tangible fixed assets:		
Owned	**123,249**	118,353
Under hire purchase agreements	**45,928**	33,460
Hire of plant and machinery - rentals payable under operating leases	**1,998**	15,567
Rentals payable under other operating leases	**123,050**	123,050

Notes *(continued)*

4 Interest receivable and similar income

	2000 £	1999 £
On bank deposits	**95,348**	108,339
Exchange gain	**12,232**	6,541
	107,580	114,880

5 Interest payable and similar charges

	2000 £	1999 £
On bank loans and overdrafts wholly repayable within five years	**49,282**	57,695
Hire purchase interest	**12,694**	10,950
Amounts payable on other loans	**2,917**	7,000
	64,893	75,645

6 Employees and directors

The average number of persons employed by the company (including directors) during the year was as follows:

	Number of employees 2000	1999
Office management	**52**	52

The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	**1,092,126**	1,028,428
Social security costs	**92,954**	94,978
Other pension costs	**71,252**	76,860
	1,256,332	1,200,266

Notes *(continued)*

6 Employees and directors *(continued)*

Remuneration of directors

	2000	1999
	£	£
Directors' emoluments - as directors	**331,374**	324,845
Company contributions to money purchase pension scheme	**33,224**	32,220
	364,598	357,065

The emoluments, excluding pension contributions, of the highest paid director were £162,985 *(1999: £152,307).*

	Number of directors	
Retirement benefits are accruing to the following number of directors under:	**2000**	1999
Money purchase schemes	**2**	2

7 Taxation

The taxation charge which is based on the results of the year is made up as follows:

	2000	1999
	£	£
UK corporation tax 31% *(1999: 31%)*	**118,000**	84,390
Adjustment in respect of prior periods	**-**	(606)
	118,000	83,784

Notes *(continued)*

8 Tangible fixed assets

	Long leasehold properties and improvements £	Short leasehold properties and improvements £	Plant equipment, fixtures and fittings £	Motor vehicles £	Total £
Cost					
At beginning of year	199,024	416,583	978,300	264,788	1,858,695
Additions	-	-	47,832	127,005	174,837
Disposals	-	-	(104,534)	(94,001)	(198,535)
At end of year	199,024	416,583	921,598	297,792	1,834,997
Depreciation					
At beginning of year	-	195,322	592,346	105,629	893,297
Charge for year	1,401	20,320	100,598	46,858	169,177
On disposals	-	-	(104,534)	(60,352)	(164,886)
At end of year	1,401	215,642	588,410	92,135	897,588
Net book value					
At 31 March 2000	**197,623**	**200,941**	**333,188**	**205,657**	**937,409**
At 31 March 1999	199,024	221,261	385,954	159,159	965,398

The net book value of motor vehicles and plant equipment, fixtures and fittings includes £223,215 *(1999: £164,347)* in respect of assets purchased under hire purchase contracts. The depreciation on these assets was £45,928 *(1999: £33,460)*.

Notes *(continued)*

9 Fixed asset investments

	2000 £	1999 £
Quoted investments	**752**	752

The market value on the London Stock Exchange of the quoted investments is £1,288 *(1999: £1,679)*.

10 Debtors

	2000 £	1999 £
Trade debtors	**294,735**	318,704
Other debtors	**206,853**	159,654
Prepayments and accrued income	**73,900**	72,997
	575,488	551,355

11 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank loans (see note 14)	**100,000**	100,000
Obligations under hire purchase contracts	**76,014**	37,866
Trade creditors	**1,655,267**	1,709,191
Corporation tax	**118,901**	85,110
Taxation and social security	**52,065**	39,610
Other creditors	**21,529**	23,207
Accruals and deferred income	**95,447**	79,718
	2,119,223	2,074,702

Notes *(continued)*

12 Creditors: amounts falling due after one year

	2000 £	1999 £
Bank loans (see note 14)	**100,000**	200,000
Other creditors	**-**	70,000
Obligations under hire purchase contracts (which mature within five years)	**23,858**	57,761
	123,858	327,761

13 Obligations under finance leases

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2000 £	1999 £
Within one year	**86,064**	48,686
In the second to fifth years	**27,509**	65,412
	113,573	114,098
Less future finance charges	**(13,701)**	(18,471)
	99,872	95,627
Creditors		
Due within one year	**76,014**	37,866
Due after more than one year	**23,858**	57,761
	99,872	95,627

Notes *(continued)*

14 Maturity of bank loans

	2000 £	1999 £
Amounts falling due:		
Within one year	**100,000**	100,000
Between 1 and 2 years	**100,000**	100,000
Between 2 to 5 years	**-**	100,000
	200,000	300,000

The bank loans are secured by a fixed and floating charge on the assets of the company.

All bank loans are repayable within five years.

15 Called up share capital

	2000 £	1999 £
Authorised		
500,000 Ordinary shares of £1 each	**500,000**	500,000
100,000 11% cumulative preference shares of £1 each	**100,000**	100,000
	600,000	600,000
Allotted, called up and fully paid		
360,000 Ordinary shares of £1 each	**360,000**	360,000

16 Reserves

	Profit and loss account £	Capital redemption reserve £	Share capital £	Total £
At beginning of year	602,890	75,000	360,000	1,037,890
Retained profit for the year	178,687	-	-	178,687
At end of year	**781,577**	**75,000**	**360,000**	**1,216,577**

Notes *(continued)*

17 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	**178,687**	138,000
Opening shareholders' funds	**1,037,890**	899,890
Closing shareholders' funds	**1,216,577**	1,037,890

18 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2000 £	1999 £
Operating profit	**253,453**	182,467
Depreciation charge	**169,177**	151,813
Loss/(profit) on sale of tangible fixed assets	**5,849**	(412)
Increase in debtors	**(24,133)**	(68,832)
Decrease in creditors	**(27,418)**	(288,303)
Net cash inflow/(outflow) from operating activities	**376,928**	(23,267)

19 Reconciliation of net cash flow to movement in net funds

	2000 £	1999 £
Decrease in cash in the year	**(124,484)**	(376,864)
Cash outflow from decrease in debt and lease financing	**220,673**	88,968
Cash outflow/(inflow) from increase in liquid assets	**147,645**	(142,959)
Change in net funds resulting from cash flows	**243,834**	(430,855)
Net funds at start of the year	**1,457,221**	1,893,846
Inception of new finance leases	**(54,918)**	(5,770)
Net funds at the end of the year	**1,646,137**	1,457,221

Notes *(continued)*

20 Analysis of changes in net funds

	At 31 March 1999 £	Cash flows £	Non cash *movement* £	**At 31 March *2000* £**
Cash in hand and at bank	689,204	(124,484)	-	**564,720**
Current asset investments	1,233,644	147,645	-	**1,381,289**
Debt due within one year	(100,000)	-	-	**(100,000)**
Debt due after one year	(270,000)	170,000	-	**(100,000)**
Finance leases	(95,627)	50,673	(54,918)	**(99,872)**
Total funds	1,457,221	243,834	(54,918)	**1,646,137**

21 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2000 £	1999 £
Land and buildings operating leases which expire:		
Less than one year	**9,800**	-
In the second to fifth years inclusive	**10,000**	19,800
After five years	**103,250**	103,250
	123,050	123,050
Other operating leases which expire:		
Within one year	-	1,139
In the second to fifth years inclusive	**859**	859
	859	1,998

The company had committed to purchase capital items for £67,319 *(1999:£73,790)* at the year end.

22 Deferred taxation

No provision has been made in respect of deferred taxation. The full potential liability, which is all in respect of accelerated capital allowances, is £70,382 *(1999: £46,547)*

Notes *(continued)*

23 Related party transactions

The directors of Greaves Travel Limited have a shareholding in Greaves Travel LLC. ("GTC") a company incorporated in the USA.

The companies are subject to common control and trade in the normal course of business on an arms length basis.

The company bought services from GTC during the year totalling £2,871 *(1999: £705)* and sold services to GTC during the year totalling £1,221 *(1999: £2,387)*. At the year end the amount due to the company by GTC was £3,985 *(1999:£750)*.

24 Ultimate Controlling Party

There is no ultimate controlling party.