

Greaves Travel Limited

**Directors' report and financial
statements**

Registered number 1032421

31 March 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2002.

Principal activities

The principal activities of the company continue to be that of a travel agent in the UK and Canada.

Business Review

The profit for the year transferred to reserves was £293,534 (2001: restated £176,123).

Proposed dividend

The directors do not recommend the payment of a dividend (2001: *£nil*).

Directors and directors' interests

The directors M Dalton and JR Harris, who were appointed directors since the last annual general meeting, retire in accordance with the articles of association and, being eligible, offer themselves for re-election

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the company according to the register of directors' interests:

	Class of share	Interest at end of the year	Interest at start of the year or date of appointment
		£	£
RS Cambata (Chairman)	£1 ordinary	36,000	36,000
SR Cambata	£1 ordinary	84,600	84,600
M Dalton	£1 ordinary	84,600	84,600
A Captain	£1 ordinary	45,000	45,000
SN Bartarya	£1 ordinary	-	-
JR Harris	£1 ordinary	10,800	10,800
J Wakeman (appointed 16 July 2001)	£1 ordinary	-	-

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them during the financial year.

Charitable and political contributions

The company made no political donations in the year. Donations to UK charities amounted to £550 (2001: £1,857).

Directors' report *(continued)*

Auditors

Since KPMG were re-appointed auditors in 2001, their business was transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 14 June 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



M Dalton
Director

53 Welbeck Street
London
W1G 9XR

2002

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.



8 Salisbury Square
London
EC4Y 8BB

Report of the independent auditors' to the members of Greaves Travel Limited

We have audited the financial statements on pages 5 to 19.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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 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.

Basis of audit 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditors

18th June, 2002

Profit and loss account

for the year ended 31 March 2002

	<i>Note</i>	2002 £	2001 (restated) £
Turnover	2	27,652,768	30,508,306
Cost of sales		(25,120,002)	(27,624,676)
Gross profit		2,532,766	2,883,630
Administrative expenses		(2,421,137)	(2,547,921)
Operating profit		111,629	335,709
Profit on sale of fixed assets	3	219,613	-
Income from fixed asset investments		50	70
Interest receivable	6	69,277	119,607
Interest payable and similar charges	7	(89,119)	(103,564)
Profit on ordinary activities before taxation	3-5	311,450	351,822
Tax on profit on ordinary activities	8	(17,916)	(175,699)
Retained profit for the financial year	16	293,534	176,123

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

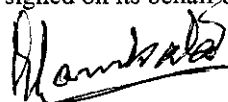
at 31 March 2002

	Note	2002		2001 (restated)	
		£	£	£	£
Fixed assets					
Tangible assets	9		2,281,487		2,332,431
Investments	10		752		752
			2,282,239		2,333,183
Current assets					
Debtors	11	440,404		637,656	
Cash at bank and in hand		2,070,486		2,258,760	
		2,510,890		2,896,416	
Creditors: amounts falling due within one year	12	(2,227,986)		(2,779,424)	
Net current assets			282,904		116,992
Total assets less current liabilities			2,565,143		2,450,175
Creditors: amounts falling due after more than one year	13		(878,909)		(1,004,686)
Provision for liabilities and charges	14		-		(52,789)
Net assets			1,686,234		1,392,700
Capital and reserves					
Called up share capital	15	360,000		360,000	
Capital redemption reserve	16	75,000		75,000	
Profit and loss account	16	1,251,234		957,700	
Equity shareholders' funds	17		1,686,234		1,392,700

These financial statements were approved by the board of directors on
signed on its behalf by:

17th June

2002 and were



RS Cambata
Director

Cash flow statement

for the year ended 31 March 2002

	<i>Note</i>	2002	2001
		£	£
Net cash inflow from operating activities	20	69,633	1,019,051
Return on investments and servicing of finance			
Interest received		69,277	119,607
Interest paid on bank loans and overdrafts		(84,434)	(86,907)
Interest paid under hire purchase contracts		(4,685)	(9,276)
Dividends received		50	70
Net cash inflow from returns on investment and servicing of finance		(19,792)	23,494
Taxation			
Corporation tax paid		(122,146)	(119,665)
Tax paid		(122,146)	(119,665)
Capital expenditure and financial investment			
Payment to acquire tangible fixed assets		(274,534)	(1,557,721)
Receipts from sale of tangible fixed assets (see note 3)		401,343	37,000
Net cash inflow/(outflow) from capital expenditure		126,809	(1,520,721)
Net cash inflow/(outflow) before management of liquid resources and financing		54,504	(597,841)
Management of liquid resources			
Decrease/(increase) in short term deposits		600,000	(468,711)
Financing			
(Repayment)/acquisition of debt finance		(214,789)	977,289
Capital element of hire purchase contract payments		(27,989)	(66,697)
Net cash (outflow)/inflow from financing		(242,778)	910,592
Increase/(decrease) in cash	21	411,726	(155,960)

Statement of total recognised gains and losses
for the year ended 31 March 2002

	2002	2001 (restated)
	£	£
Profit for the financial year	293,534	176,123
Total recognised gains and losses relating to the financial year	293,534	176,123
Prior year adjustment <i>(as explained in note 14)</i>	52,789	-
Total gains and losses recognised since last annual report	346,323	176,123

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. The company has adopted FRS 19 'Deferred Tax' in these financial statements. The comparative figures have been restated accordingly.

Basis of preparation

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

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

Investments

Investments are held at cost.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals 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. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. 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)

Post-retirement benefits

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. The amount charged in the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents 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.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are 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 (other than cash), government securities and investments in money market managed funds.

2 Analysis of turnover

	2002 £	2001 £
<i>By geographical area</i>		
United Kingdom	25,026,851	27,286,917
Canada	2,625,917	3,221,389
	27,652,768	30,508,306

Notes (continued)

3 Profit on ordinary activities before taxation

	2002 £	2001 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging:</i>		
Auditors' remuneration:		
Audit	14,600	13,500
Other services – fees paid to the auditor	-	800
Depreciation and other amounts written off		
tangible fixed assets:		
Owned	116,546	141,300
Leased	27,202	34,009
Exchange losses	2,524	7,381
Hire of other assets – operating leases	76,435	123,050
<i>after crediting:</i>		
Gain on sale of fixed assets	219,613	-

The gain on sale of fixed assets relates to the sale of 2 properties, the disposal proceeds being £401,343.

4 Remuneration of directors

	2002 £	2001 £
Directors' emoluments	443,250	362,203
Company contributions to money purchase pension scheme	40,836	37,447
	484,086	399,650

The emoluments, excluding pension contributions, of the highest paid director were £185,499 (2001: £171,226). No pension contributions were made on his behalf (2001: £nil).

	Number of directors	
Retirement benefits are accruing to the following number of directors under:	2002	2001
Money purchase schemes	2	2

Notes (continued)

5 Staff numbers and costs

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

	Number of employees	
	2002	2001
Office management	46	52

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£	£
Wages and salaries	1,061,334	1,163,573
Social security costs	98,107	104,437
Other pension costs	75,911	79,696
	<u>1,235,352</u>	<u>1,347,706</u>

6 Interest receivable

	2002	2001
	£	£
On bank deposits	69,277	119,607

7 Interest payable and similar charges

	2002	2001
	£	£
On bank loans and overdrafts	81,910	86,907
Finance charges payable in respect of hire purchase contracts	4,685	9,276
Exchange loss	2,524	7,381
	<u>89,119</u>	<u>103,564</u>

Notes (continued)

8 Taxation

	2002	2001
	£	(restated) £
<i>UK corporation tax</i>		
Current tax on income for the year	118,351	133,710
Adjustments in respect of prior periods	(33,627)	(10,800)
Total current tax	84,724	122,910
<i>Deferred tax (see note 14)</i>		
Origination/reversal of timing differences	(66,808)	52,789
Tax on profit on ordinary activities	17,916	175,699

Factors affecting the tax charge for the current period

The current tax charge for the year is lower (2001: higher) than the standard rate of corporation tax in the UK 30% (2001:30%). The differences are explained below:

	2002	2001
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	311,450	351,822
Current tax at 30% (2001:30%)	93,435	105,547
<i>Effects of</i>		
Expenses treated differently for tax purposes	27,227	20,453
(Depreciation for period in excess of capital allowances)/capital		
allowances for period in excess of depreciation	(2,311)	7,710
Adjustments to tax charge in respect of previous periods	(33,627)	(10,800)
	84,724	122,910

Notes (continued)

9 Tangible fixed assets

	Long leasehold properties and improvements £	Short leasehold properties and improvements £	Plant equipment, fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>					
At beginning of year	199,024	1,899,487	761,515	300,914	3,160,940
Additions	-	218,011	28,175	28,348	274,534
Disposals	-	(371,475)	(407,879)	(17,325)	(796,679)
At end of year	199,024	1,746,023	381,811	311,937	2,638,795
<i>Depreciation</i>					
At beginning of year	2,802	235,970	476,292	113,445	828,509
Charge for year	1,401	56,848	45,469	40,030	143,748
On disposals	-	(197,199)	(407,879)	(9,871)	(614,949)
At end of year	4,203	95,619	113,882	143,604	357,308
<i>Net book value</i>					
At 31 March 2002	194,821	1,650,404	267,929	168,333	2,281,487
At 31 March 2001	196,222	1,663,517	285,223	187,469	2,332,431

The net book value of motor vehicles includes £108,824 (2001: £136,026) in respect of assets purchased under hire purchase contracts. The depreciation on these assets was £27,202 (2001: £34,009).

Notes (continued)

10 Fixed asset investments

	2002 £	2001 £
Quoted investments	752	752

The market value on the London Stock Exchange of the quoted investments is £954 (2001: £1,232).

11 Debtors

	2002 £	2001 £
Trade debtors	194,204	268,952
Other debtors	158,610	264,366
Corporation tax receivable	33,627	-
Deferred tax assets (see note 14)	14,019	-
Prepayments and accrued income	39,944	104,338
	<u>440,404</u>	<u>637,656</u>

12 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loans (see note 13)	110,000	214,789
Obligations under hire purchase contracts (see note 13)	15,777	27,989
Trade creditors	1,734,058	2,044,661
Amounts owed to group undertakings	534	-
Corporation tax	118,351	122,146
Taxation and social security	32,854	61,093
Other creditors	24,063	131,723
Accruals and deferred income	192,349	177,023
	<u>2,227,986</u>	<u>2,779,424</u>

Notes (continued)

13 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Bank loans	852,500	962,500
Obligations under hire purchase contracts	26,409	42,186
	878,909	1,004,686

Analysis of debt:

	2002 £	2001 £
Debt can be analysed as falling due:		
In one year or less	110,000	214,789
Between one and two years	110,000	110,000
Between two to five years	330,000	330,000
In five years or more	412,500	522,500
	962,500	1,177,289

The bank loans are secured by a fixed and floating charge on the assets of the company. They are repayable in monthly instalments until October 2010. The fixed loan incurs interest of 7.5%. The variable loan incurs interest of 2% above the bank's base rate.

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

	2002 £	2001 £
Within one year	18,619	32,648
In the second to fifth years	26,730	45,349
	45,349	77,997
Less future finance charges	(3,163)	(7,822)
	42,186	70,175

Notes (continued)

14 Provisions for liabilities and charges

	Taxation including deferred taxation £	Total £
At beginning of year (restated)	(52,789)	(52,789)
Credit to the profit and loss account for the year	66,808	66,808
At end of year	14,019	14,019
The elements of deferred taxation are as follows:	2002 £	2001 £
Difference between accumulated depreciation and capital allowances	(14,019)	52,789
Deferred tax asset (see note 11)	(14,019)	-
Deferred tax liability	-	52,789
	(14,019)	52,789

15 Called up share capital

	2002 £	2001 £
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 £
At beginning of year (restated)	957,700	75,000
Retained profit for the year	293,534	-
At end of year	1,251,234	75,000

Notes (continued)

17 Reconciliation of movements in shareholders' funds

	2002 £	2001 (restated) £
Profit for the financial year	293,534	176,123
Opening shareholders' funds (originally £1,445,489 restated for prior year adjustment of £52,789)	1,392,700	1,216,577
Closing shareholders' funds	1,686,234	1,392,700

18 Commitments

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

	2002 Land and buildings £	Other £	2001 Land and buildings £	Other £
Operating leases which expire:				
Within one year	10,000	-	-	-
In the second to fifth years inclusive	4,040	859	14,305	859
	14,040	859	14,305	859

The company had no commitment at the year end to purchase capital items (2001: £ 264,750).

19 Pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £75,911 (2001: £79,696).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

20 Reconciliation of operating profit to operating cash flows

	2002 £	2001 £
Operating profit	111,629	335,709
Depreciation charge	143,748	175,309
Loss on sale of tangible fixed assets	-	2,640
Decrease/(increase) in debtors	244,898	(69,549)
(Decrease)/increase in creditors	(430,642)	574,942
Net cash inflow from operating activities	69,633	1,019,051

Notes (continued)

21 Reconciliation of net cash flow to movement in net funds

	2002 £	2001 £
Increase/(decrease) in cash in the year	411,726	(155,960)
Cash outflow/(inflow) from movement in debt and lease financing	242,778	(910,592)
Cash (outflow)/inflow from change in liquid resources	(600,000)	468,711
Change in net funds resulting from cash flows	54,504	(597,841)
Net funds at start of the year	1,011,296	1,646,137
New finance leases	-	(37,000)
Net funds at the end of the year	1,065,800	1,011,296

22 Analysis of changes in net funds

	At beginning of year £	Cash flows £	Non cash movement £	At end of year £
Cash in hand and at bank	408,760	411,726	-	820,486
Current asset investments	1,850,000	(600,000)	-	1,250,000
Debt due within one year	(214,789)	214,789	(110,000)	(110,000)
Debt due after one year	(962,500)	-	110,000	(852,500)
Finance leases	(70,175)	27,989	-	(42,186)
Total funds	1,011,296	54,504	-	1,065,800

23 Related party disclosures

There is no ultimate controlling party.

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 £6,402 (2001: £1,481) and sold services to GTC during the year totalling £2,017 (2001: £1,016). At the year end the amount owed by the company to GTC was £534 (2001: £nil).