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Company Registration No. 1512421 (England and Wales)

**CLASSIC COLLECTION HOLIDAYS LIMITED**  
**AND SUBSIDIARY COMPANIES**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2003**



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# CLASSIC COLLECTION HOLIDAYS LIMITED

## DIRECTORS AND ADVISERS

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**Directors**

N.H.P. Munday  
T.D.S. Charlwood  
J.V. Fleming  
P.E.W. Munday  
A.K. Thomson  
M. de S. Brackenbury

**Secretary**

T.D.S. Charlwood

**Company number**

1512421

**Registered office**

12 Great James Street  
London  
WC1N 3DR

**Auditors**

Carpenter Box  
Grafton Lodge, 15 Grafton Road  
Worthing  
West Sussex  
BN11 1QR

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**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 OCTOBER 2003**

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

**Directors**

The following directors have held office since 1 November 2002:

N.H.P. Munday  
T.D.S. Charlwood  
J.V. Fleming  
P.E.W. Munday  
A.K. Thomson  
M. de S. Brackenbury

**Principal activities and review of the business**

The principal activity of the company continued to be that of a tour operator.

During this first full year under new ownership, the business successfully launched operations to four new Mediterranean destinations in its Summer 2003 brochure, doubling the destination product offering of the business, while launching a specialist all-year brochure for Madeira. For the year as a whole, notwithstanding some of the most difficult trading conditions on record, the company managed to grow its full year turnover (after adjusting for the change of ownership in 2002) by 56% to £8.1 million. In this respect please note that the comparatives represent six months trading post acquisition.

Profit before tax for the year fell back to £110,000 as the company suffered from harsh trading conditions. However, during this period the company also continued to invest in its underlying infrastructure of people, systems, product and distribution to ensure it is best placed to capitalise on recovery in the sector and take full advantage of substantial changes unfolding in the dynamics of the traditional tour operating business model.

Of the two wholly owned subsidiary companies, Classic Collection Aviation Limited carried out the transport broking business for the group, while Classic Collection Holidays Travel and Leisure Limited remained dormant throughout the year.

**Results and dividends**

The consolidated profit and loss account for the year is set out on page 5.

The directors do not recommend payment of an ordinary dividend.

**Future developments**

During the year ahead the company will benefit from the two additional destinations coming on stream for the company's Winter 2003/04 brochure and a further two destinations in its Summer 2004 brochure, while the second phase of a modernisation in systems and administration is expected to be completed in the first part of the year.

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES  
DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 OCTOBER 2003**

**Directors' interests**

The directors' interests in the shares of the company and other group companies were as stated below:

**CLASSIC COLLECTION HOLIDAYS LIMITED**

|                      | <b>Ordinary shares of £ 1 each</b> |                        |
|----------------------|------------------------------------|------------------------|
|                      | <b>31 October 2003</b>             | <b>1 November 2002</b> |
| N.H.P. Munday        | 600,000                            | 600,000                |
| T.D.S. Charlwood     | -                                  | -                      |
| J.V. Fleming         | 200,000                            | 200,000                |
| P.E.W. Munday        | 100,000                            | 100,000                |
| A.K. Thomson         | 100,000                            | 100,000                |
| M. de S. Brackenbury | 50,000                             | 50,000                 |

**CLASSIC COLLECTION AVIATION LIMITED**

|                  | <b>Ordinary shares of £ 1 each</b> |                        |
|------------------|------------------------------------|------------------------|
|                  | <b>31 October 2003</b>             | <b>1 November 2002</b> |
| N.H.P. Munday    | -                                  | -                      |
| T.D.S. Charlwood | -                                  | -                      |

**CLASSIC COLLECTION HOLIDAYS TRAVEL AND LEISURE LIMITED**

|                  | <b>Ordinary shares of £ 1 each</b> |                        |
|------------------|------------------------------------|------------------------|
|                  | <b>31 October 2003</b>             | <b>1 November 2002</b> |
| N.H.P. Munday    | -                                  | -                      |
| T.D.S. Charlwood | -                                  | -                      |

**Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Carpenter Box be reappointed as auditors of the company will be put to the Annual General Meeting.

**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 group and of the profit or loss of the group 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 group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



T.D.S. Charlwood

**Director**

12/11/2004

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES  
INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF CLASSIC COLLECTION HOLIDAYS LIMITED**

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We have audited the financial statements of Classic Collection Holidays Limited on pages 5 to 17 for the year ended 31 October 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 and the group'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.

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES  
INDEPENDENT AUDITORS' REPORT (CONTINUED)  
TO THE SHAREHOLDERS OF CLASSIC COLLECTION HOLIDAYS LIMITED**

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**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 31 October 2003 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Carpenter Box

Chartered Accountants  
**Registered Auditor**

12th January 2004

Grafton Lodge, 15 Grafton Road  
Worthing  
West Sussex  
BN11 1QR

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 OCTOBER 2003**

|                                                      |          | Year<br>ended<br>31 October<br>2003<br>£ | 9 months<br>ended<br>31 October<br>2002<br>£<br>Acquisitions |
|------------------------------------------------------|----------|------------------------------------------|--------------------------------------------------------------|
|                                                      | Notes    |                                          |                                                              |
| <b>Turnover</b>                                      | <b>2</b> | 8,084,924                                | 3,285,297                                                    |
| Cost of sales                                        |          | (6,834,561)                              | (2,703,747)                                                  |
| <b>Gross profit</b>                                  |          | 1,250,363                                | 581,550                                                      |
| Administrative expenses                              |          | (1,192,300)                              | (453,931)                                                    |
| Other operating income                               |          | 2,628                                    | 74                                                           |
| <b>Operating profit</b>                              | <b>3</b> | 60,691                                   | 127,693                                                      |
| Other interest receivable and similar income         |          | 68,975                                   | 30,030                                                       |
| Interest payable and similar charges                 | <b>4</b> | (19,387)                                 | (8,897)                                                      |
| <b>Profit on ordinary activities before taxation</b> |          | 110,279                                  | 148,826                                                      |
| Tax on profit on ordinary activities                 | <b>5</b> | (30,740)                                 | (36,600)                                                     |
| <b>Profit on ordinary activities after taxation</b>  |          | 79,539                                   | 112,226                                                      |

The profit and loss account has been prepared on the basis that all operations are continuing operations. During the comparative period the group commenced trading from 1 May 2002.

There are no recognised gains and losses other than those passing through the profit and loss account.

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES  
BALANCE SHEETS  
AS AT 31 OCTOBER 2003**

|                                                                |       | Group            |                  | Company          |                  |
|----------------------------------------------------------------|-------|------------------|------------------|------------------|------------------|
|                                                                | Notes | 2003<br>£        | 2002<br>£        | 2003<br>£        | 2002<br>£        |
| <b>Fixed assets</b>                                            |       |                  |                  |                  |                  |
| Intangible assets                                              | 7     | 700,719          | 738,586          | 700,719          | 738,586          |
| Tangible assets                                                | 8     | 66,064           | 48,665           | 66,064           | 48,665           |
| Investments                                                    | 9     | -                | -                | 61,335           | 61,335           |
|                                                                |       | <u>766,783</u>   | <u>787,251</u>   | <u>828,118</u>   | <u>848,586</u>   |
| <b>Current assets</b>                                          |       |                  |                  |                  |                  |
| Debtors                                                        | 10    | 386,920          | 177,405          | 210,331          | 117,709          |
| Cash at bank and in hand                                       |       | 1,950,817        | 1,509,764        | 1,948,713        | 1,508,847        |
|                                                                |       | <u>2,337,737</u> | <u>1,687,169</u> | <u>2,159,044</u> | <u>1,626,556</u> |
| <b>Creditors: amounts falling due within one year</b>          | 11    | (1,612,755)      | (1,062,194)      | (1,495,653)      | (1,063,124)      |
| <b>Net current assets</b>                                      |       | <u>724,982</u>   | <u>624,975</u>   | <u>663,391</u>   | <u>563,432</u>   |
| <b>Total assets less current liabilities</b>                   |       | <u>1,491,765</u> | <u>1,412,226</u> | <u>1,491,509</u> | <u>1,412,018</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 12    | (175,000)        | (175,000)        | (175,000)        | (175,000)        |
|                                                                |       | <u>1,316,765</u> | <u>1,237,226</u> | <u>1,316,509</u> | <u>1,237,018</u> |
| <b>Capital and reserves</b>                                    |       |                  |                  |                  |                  |
| Called up share capital                                        | 14    | 1,125,000        | 1,125,000        | 1,125,000        | 1,125,000        |
| Profit and loss account                                        | 15    | 191,765          | 112,226          | 191,509          | 112,018          |
| <b>Shareholders' funds - equity interests</b>                  | 16    | <u>1,316,765</u> | <u>1,237,226</u> | <u>1,316,509</u> | <u>1,237,018</u> |

The financial statements were approved by the board on 12/1/2004

*N. Munday*

N.H.P. Munday  
Director

*T.D.S. Charlwood*

T.D.S. Charlwood  
Director

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES  
CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 OCTOBER 2003**

|                                                                            | Year<br>ended<br>31 October<br>2003<br>£ | 9 months<br>ended<br>31 October<br>2002<br>£ |
|----------------------------------------------------------------------------|------------------------------------------|----------------------------------------------|
| <b>Net cash inflow/(outflow) from operating activities</b>                 | 494,656                                  | (143,241)                                    |
| <b>Returns on investments and servicing of finance</b>                     |                                          |                                              |
| Interest received                                                          | 60,489                                   | 30,030                                       |
| Interest paid                                                              | (19,387)                                 | (7,291)                                      |
| <b>Net cash inflow for returns on investments and servicing of finance</b> | 41,102                                   | 22,739                                       |
| <b>Taxation</b>                                                            | (48,805)                                 | (59,899)                                     |
| <b>Capital expenditure</b>                                                 |                                          |                                              |
| Payments to acquire tangible assets                                        | (45,900)                                 | (48,575)                                     |
| <b>Net cash outflow for capital expenditure</b>                            | (45,900)                                 | (48,575)                                     |
| <b>Acquisitions and disposals</b>                                          |                                          |                                              |
| Cash transferred as part of acquisition of subsidiaries                    | -                                        | 1,743,336                                    |
| Acquisition of subsidiary undertakings                                     | -                                        | (1,304,596)                                  |
| <b>Net cash (outflow)/inflow for acquisitions and disposals</b>            | -                                        | 438,740                                      |
| <b>Net cash inflow before management of liquid resources and financing</b> | 441,053                                  | 209,764                                      |
| <b>Management of liquid resources</b>                                      |                                          |                                              |
| Bank deposits                                                              | (247,579)                                | (190,549)                                    |
|                                                                            | (247,579)                                | (190,549)                                    |
| <b>Financing</b>                                                           |                                          |                                              |
| Issue of ordinary share capital                                            | -                                        | 1,124,900                                    |
| Other new long term loans                                                  | -                                        | 175,000                                      |
| <b>Net cash (outflow)/inflow from financing</b>                            | -                                        | 1,299,900                                    |
| <b>(Decrease)/increase in cash in the year</b>                             | 193,474                                  | 1,319,115                                    |

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES  
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 OCTOBER 2003**

|   |                                                                                           |                 |           |                        |                 |
|---|-------------------------------------------------------------------------------------------|-----------------|-----------|------------------------|-----------------|
| 1 | Reconciliation of operating profit to net cash inflow/(outflow) from operating activities | 2003            | 2002      |                        |                 |
|   |                                                                                           | £               | £         |                        |                 |
|   | Operating profit                                                                          | 60,691          | 127,693   |                        |                 |
|   | Depreciation of tangible assets                                                           | 28,501          | 4,367     |                        |                 |
|   | Amortisation of intangible assets                                                         | 37,867          | 18,880    |                        |                 |
|   | Increase in debtors                                                                       | (201,029)       | (59,758)  |                        |                 |
|   | Increase in creditors within one year                                                     | 568,626         | (234,423) |                        |                 |
|   |                                                                                           |                 |           |                        |                 |
|   | Net cash inflow/(outflow) from operating activities                                       | 494,656         | (143,241) |                        |                 |
|   |                                                                                           |                 |           |                        |                 |
| 2 | Analysis of net funds                                                                     | 1 November 2002 | Cash flow | Other non-cash changes | 31 October 2003 |
|   |                                                                                           | £               | £         | £                      | £               |
|   | Net cash:                                                                                 |                 |           |                        |                 |
|   | Cash at bank and in hand                                                                  | 1,319,215       | 193,474   | -                      | 1,512,689       |
|   |                                                                                           |                 |           |                        |                 |
|   | Liquid resources:                                                                         |                 |           |                        |                 |
|   | Bank deposits                                                                             | 190,549         | 247,579   | -                      | 438,128         |
|   |                                                                                           |                 |           |                        |                 |
|   |                                                                                           | 1,509,764       | 441,053   |                        | 1,950,817       |
|   |                                                                                           |                 |           |                        |                 |
|   | Debts falling due after one year                                                          | (175,000)       | -         | -                      | (175,000)       |
|   |                                                                                           |                 |           |                        |                 |
|   | Net funds                                                                                 | 1,334,764       | 441,053   | -                      | 1,775,817       |
|   |                                                                                           |                 |           |                        |                 |
| 3 | Reconciliation of net cash flow to movement in net debt                                   | 2003            | 2002      |                        |                 |
|   |                                                                                           | £               | £         |                        |                 |
|   | Increase in cash in the year                                                              | 193,474         | 1,319,115 |                        |                 |
|   | Cash outflow from increase in liquid resources                                            | 247,579         | 190,549   |                        |                 |
|   | Cash inflow from increase in debt                                                         | -               | (175,000) |                        |                 |
|   |                                                                                           |                 |           |                        |                 |
|   | Movement in net funds in the year                                                         | 441,053         | 1,334,664 |                        |                 |
|   | Opening net funds                                                                         | 1,334,764       | 100       |                        |                 |
|   |                                                                                           |                 |           |                        |                 |
|   | Closing net funds                                                                         | 1,775,817       | 1,334,764 |                        |                 |

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2003**

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**1 Accounting policies**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

**1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable accounting standards.

**1.3 Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings using acquisition accounting. Intra-group transactions and balances are fully eliminated on consolidation.

**1.4 Turnover**

Turnover represents amounts receivable from ordinary activities before deducting travel agent commission where appropriate and exclusive of VAT.

**1.5 Goodwill**

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life which is considered to be 20 years.

**1.6 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

|                       |                               |
|-----------------------|-------------------------------|
| Computer equipment    | 33.3% straight line per annum |
| Fixtures and fittings | 25% straight line per annum   |
| Motor vehicles        | 25% straight line per annum   |

**1.7 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**1.8 Investments**

Investments represent the holdings in the subsidiaries and are stated at cost less provision for diminution in value.

**1.9 Pensions**

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with Financial Reporting Standard No.17.

**1.10 Translation of foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at a costed rate and all differences are taken to profit and loss account.

**1.11 Liquid resources**

Liquid resources represent deposits which require notice of withdrawal.

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 OCTOBER 2003**

**2 Turnover**

The total turnover of the group for the year has been derived from tour operating wholly undertaken in the United Kingdom.

| <b>3 Operating profit</b>                                | <b>2003</b> | <b>2002</b> |
|----------------------------------------------------------|-------------|-------------|
|                                                          | <b>£</b>    | <b>£</b>    |
| Operating profit is stated after charging:               |             |             |
| Amortisation of intangible assets                        | 37,867      | 18,880      |
| Depreciation of tangible assets                          | 28,501      | 4,367       |
| Operating lease rentals                                  | 23,618      | 11,505      |
| Auditors' remuneration (company £10,200 ; 2002: £6,895 ) | 11,750      | 7,445       |
| Remuneration of auditors for non-audit work              | 5,793       | 1,688       |

None of the above operating lease rentals relate to plant and machinery.

| <b>4 Interest payable</b>                      | <b>2003</b>   | <b>2002</b>  |
|------------------------------------------------|---------------|--------------|
|                                                | <b>£</b>      | <b>£</b>     |
| On bank loans and overdrafts                   | 1,887         | -            |
| On other loans wholly repayable within 5 years | 17,500        | 8,897        |
|                                                | <u>19,387</u> | <u>8,897</u> |

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 OCTOBER 2003**

| <b>5 Taxation</b>                                                                                                          | <b>2003<br/>£</b> | <b>2002<br/>£</b> |
|----------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Domestic current year tax</b>                                                                                           |                   |                   |
| U.K. corporation tax                                                                                                       | 29,035            | 36,600            |
| Adjustment for prior years                                                                                                 | 1,705             | -                 |
|                                                                                                                            | <u>30,740</u>     | <u>36,600</u>     |
| <b>Current tax charge</b>                                                                                                  |                   |                   |
|                                                                                                                            | <u>30,740</u>     | <u>36,600</u>     |
| <b>Factors affecting the tax charge for the year</b>                                                                       |                   |                   |
| Profit on ordinary activities before taxation                                                                              | 110,279           | 148,826           |
|                                                                                                                            | <u>110,279</u>    | <u>148,826</u>    |
| Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00 % (2002: 24.00 %) | 20,953            | 35,718            |
|                                                                                                                            | <u>20,953</u>     | <u>35,718</u>     |
| Effects of:                                                                                                                |                   |                   |
| Non deductible expenses                                                                                                    | 668               | -                 |
| Depreciation and amortisation add back                                                                                     | 12,610            | -                 |
| Capital allowances                                                                                                         | (4,926)           | -                 |
| Adjustments to previous periods                                                                                            | 1,705             | -                 |
| Other tax adjustments                                                                                                      | (270)             | 882               |
|                                                                                                                            | <u>9,787</u>      | <u>882</u>        |
| <b>Current tax charge</b>                                                                                                  | <u>30,740</u>     | <u>36,600</u>     |

**6 Profit for the financial year**

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

|                                                 | <b>2003<br/>£</b> | <b>2002<br/>£</b> |
|-------------------------------------------------|-------------------|-------------------|
| Holding company's profit for the financial year | <u>79,491</u>     | <u>112,018</u>    |

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 OCTOBER 2003**

**7 Intangible fixed assets**  
**Group and company**

|                                         | <b>Goodwill<br/>£</b> |
|-----------------------------------------|-----------------------|
| <b>Cost</b>                             |                       |
| At 1 November 2002 & at 31 October 2003 | 757,466               |
| <b>Amortisation</b>                     |                       |
| At 1 November 2002                      | 18,880                |
| Charge for the year                     | 37,867                |
| At 31 October 2003                      | 56,747                |
| <b>Net book value</b>                   |                       |
| At 31 October 2003                      | 700,719               |
| At 31 October 2002                      | 738,586               |

**8 Tangible fixed assets**  
**Group and company**

|                       | <b>Computer<br/>equipment<br/>£</b> | <b>Fixtures<br/>and fittings<br/>£</b> | <b>Motor<br/>vehicles<br/>£</b> | <b>Total<br/>£</b> |
|-----------------------|-------------------------------------|----------------------------------------|---------------------------------|--------------------|
| <b>Cost</b>           |                                     |                                        |                                 |                    |
| At 1 November 2002    | 47,796                              | 5,236                                  | -                               | 53,032             |
| Additions             | 30,752                              | 7,995                                  | 7,153                           | 45,900             |
| At 31 October 2003    | 78,548                              | 13,231                                 | 7,153                           | 98,932             |
| <b>Depreciation</b>   |                                     |                                        |                                 |                    |
| At 1 November 2002    | 3,602                               | 765                                    | -                               | 4,367              |
| Charge for the year   | 24,286                              | 2,708                                  | 1,507                           | 28,501             |
| At 31 October 2003    | 27,888                              | 3,473                                  | 1,507                           | 32,868             |
| <b>Net book value</b> |                                     |                                        |                                 |                    |
| At 31 October 2003    | 50,660                              | 9,758                                  | 5,646                           | 66,064             |
| At 31 October 2002    | 44,194                              | 4,471                                  | -                               | 48,665             |

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 OCTOBER 2003**

**9 Fixed asset investments  
Company**

**Shares in  
group  
undertakings  
£**

**Cost (less amounts written down)**

At 1 November 2002 & at 31 October 2003

61,335

At 31 October 2002

61,335

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

**Holdings of more than 20%**

The company holds more than 20% of the share capital of the following companies:

| Company                                | Country of registration or<br>incorporation | Shares held |     |
|----------------------------------------|---------------------------------------------|-------------|-----|
|                                        |                                             | Class       | %   |
| Subsidiary undertakings                |                                             |             |     |
| CC Holidays Travel and Leisure Limited | England and Wales                           | Ordinary    | 100 |
| CC Aviation Limited                    | England and Wales                           | Ordinary    | 100 |

The principal activity of these undertakings for the last relevant financial year was as follows:

|                                        | <b>Principal activity</b> |
|----------------------------------------|---------------------------|
| CC Holidays Travel and Leisure Limited | Dormant                   |
| CC Aviation Limited                    | Transport broker          |

CC is an abbreviation for Classic Collection.

**10 Debtors**

|                                    | Group          |                | Company        |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2003           | 2002           | 2003           | 2002           |
|                                    | £              | £              | £              | £              |
| Amounts owed by group undertakings | -              | -              | 30,062         | -              |
| Other debtors                      | 85,866         | 43,505         | -              | -              |
| Prepayments and accrued income     | 301,054        | 133,900        | 180,269        | 117,709        |
|                                    | <u>386,920</u> | <u>177,405</u> | <u>210,331</u> | <u>117,709</u> |

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 OCTOBER 2003**

**11 Creditors : amounts falling due within one year**

|                                    | <b>Group</b>     |                  | <b>Company</b>   |                  |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | <b>2003</b>      | <b>2002</b>      | <b>2003</b>      | <b>2002</b>      |
|                                    | <b>£</b>         | <b>£</b>         | <b>£</b>         | <b>£</b>         |
| Payments received on account       | 784,669          | 450,363          | 784,669          | 450,361          |
| Trade creditors                    | 639,924          | 458,911          | 483,272          | 370,294          |
| Amounts owed to group undertakings | -                | -                | 59,335           | 111,099          |
| Corporation tax                    | 29,035           | 47,100           | 10,250           | 26,100           |
| Taxes and social security costs    | 105,295          | 28,042           | 105,295          | 28,042           |
| Accruals and deferred income       | 53,832           | 77,778           | 52,832           | 77,228           |
|                                    | <u>1,612,755</u> | <u>1,062,194</u> | <u>1,495,653</u> | <u>1,063,124</u> |

**12 Creditors : amounts falling due after more than one year**

|                                    | <b>Group</b>   |                | <b>Company</b> |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | <b>2003</b>    | <b>2002</b>    | <b>2003</b>    | <b>2002</b>    |
|                                    | <b>£</b>       | <b>£</b>       | <b>£</b>       | <b>£</b>       |
| Other loans                        | <u>175,000</u> | <u>175,000</u> | <u>175,000</u> | <u>175,000</u> |
| <b>Analysis of loans</b>           |                |                |                |                |
| Wholly repayable within five years | <u>175,000</u> | <u>175,000</u> | <u>175,000</u> | <u>175,000</u> |
|                                    | <u>175,000</u> | <u>175,000</u> | <u>175,000</u> | <u>175,000</u> |

The loan represents unsecured loan notes that are redeemable on 31 December 2005 or at any time after April 2003 by the company giving 14 days notice to the note holders. The interest payable on the loan notes is the higher of 10%, or 5% over the UK Bank of England base rate.

**13 Pension costs**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions totalling £2,664 (2002 - £2,000) were payable to the fund at the year end and are included in creditors.

**Defined contribution**

|                                                 | <b>2003</b>  | <b>2002</b>  |
|-------------------------------------------------|--------------|--------------|
|                                                 | <b>£</b>     | <b>£</b>     |
| Contributions payable by the group for the year | <u>4,329</u> | <u>2,000</u> |

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 OCTOBER 2003**

| 14 Share capital                                     | 2003      | 2002                               |
|------------------------------------------------------|-----------|------------------------------------|
|                                                      | £         | £                                  |
| <b>Authorised</b>                                    |           |                                    |
| 1,200,000 Ordinary shares of £ 1 each                | 1,200,000 | 1,200,000                          |
|                                                      |           |                                    |
| <b>Allotted, called up and fully paid</b>            |           |                                    |
| 1,125,000 Ordinary shares of £ 1 each                | 1,125,000 | 1,125,000                          |
|                                                      |           |                                    |
| 15 Statement of movements on profit and loss account |           |                                    |
| <b>Group</b>                                         |           | <b>Profit and<br/>loss account</b> |
|                                                      |           | £                                  |
| Balance at 1 November 2002                           |           | 112,226                            |
| Retained profit for the year                         |           | 79,539                             |
|                                                      |           |                                    |
| Balance at 31 October 2003                           |           | 191,765                            |
|                                                      |           |                                    |
| <b>Company</b>                                       |           | <b>Profit and<br/>loss account</b> |
|                                                      |           | £                                  |
| Balance at 1 November 2002                           |           | 112,018                            |
| Retained profit for the year                         |           | 79,491                             |
|                                                      |           |                                    |
| Balance at 31 October 2003                           |           | 191,509                            |

# CLASSIC COLLECTION HOLIDAYS LIMITED

## AND SUBSIDIARY COMPANIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2003

| 16 Reconciliation of movements in shareholders' funds | 2003        | 2002        |
|-------------------------------------------------------|-------------|-------------|
| Group                                                 | £           | £           |
| Profit for the financial year                         | 79,539      | 112,226     |
| Proceeds from issue of shares                         | -           | 1,124,900   |
| Net addition to shareholders' funds                   | 79,539      | 1,237,126   |
| Opening shareholders' funds                           | 1,237,226   | 100         |
| Closing shareholders' funds                           | 1,316,765   | 1,237,226   |
|                                                       | <u>2003</u> | <u>2002</u> |
|                                                       | £           | £           |
| Company                                               |             |             |
| Profit for the financial year                         | 79,491      | 112,018     |
| Proceeds from issue of shares                         | -           | 1,124,900   |
| Net addition to shareholders' funds                   | 79,491      | 1,236,918   |
| Opening shareholders' funds                           | 1,237,018   | 100         |
| Closing shareholders' funds                           | 1,316,509   | 1,237,018   |

#### 17 Contingent liabilities

##### Group and company

Bond in favour of Air Portugal £2,000 (2002 - £2,000)

#### 18 Financial commitments

At 31 October 2003 the group and company had annual commitments under non-cancellable operating leases as follows:

##### Rental of land and buildings

|                            | 2003          | 2002          |
|----------------------------|---------------|---------------|
|                            | £             | £             |
| Expiry date:               |               |               |
| Within one year            | 24,400        | -             |
| Between two and five years | -             | 23,350        |
|                            | <u>24,400</u> | <u>23,350</u> |

At 31 October 2003 the group and company had entered into currency forward exchange contracts to the value of £6,767,085 (2002 - £3,905,490). Included within cash and bank deposits is an amount of £438,128 (2002 - £190,549) which represents cash cover in connection with these forward exchange contracts.

**CLASSIC COLLECTION HOLIDAYS LIMITED  
AND SUBSIDIARY COMPANIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 OCTOBER 2003**

| <b>19 Directors' emoluments</b>                         | <b>2003</b>    | <b>2002</b>   |
|---------------------------------------------------------|----------------|---------------|
|                                                         | <b>£</b>       | <b>£</b>      |
| Emoluments for qualifying services                      | 111,177        | 40,000        |
| Company pension contributions to money purchase schemes | 4,329          | 2,000         |
|                                                         | <u>115,506</u> | <u>42,000</u> |

The number of directors for whom retirement benefits are accruing under money purchase schemes amounted to 1 (2002 - 1).

**20 Transactions with directors**

N.H.P. Munday and T.D.S. Charlwood, both directors, have provided guarantees to the Civil Aviation Authority to the effect that if Classic Collection Holidays Limited or Classic Collection Aviation Limited exceed their licence authorisation and then fail, they are liable to reimburse the Air Travel Trust in respect of any expenditure.

During the period consultancy fees of £26,278 were payable to T.D.S. Charlwood, a director.

**21 Employees**

**Number of employees**

The average monthly number of employees (including directors) during the year was:

|                              | <b>2003</b>   | <b>2002</b>   |
|------------------------------|---------------|---------------|
|                              | <b>Number</b> | <b>Number</b> |
| Administration               | 6             | 5             |
| Sales, marketing, operations | 18            | 14            |
|                              | <u>24</u>     | <u>19</u>     |

**Employment costs**

|                       | <b>£</b>       | <b>£</b>       |
|-----------------------|----------------|----------------|
| Wages and salaries    | 581,235        | 228,179        |
| Social security costs | 56,213         | 18,665         |
| Other pension costs   | 4,329          | 2,000          |
|                       | <u>641,777</u> | <u>248,844</u> |

**22 Control**

For the whole period, the group was under the control of N.H.P.Munday, the major shareholder and managing director.