

Company Registration No. 1732607 (England and Wales)

ETON TRAVEL AGENCY LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997



ETON TRAVEL AGENCY LIMITED

COMPANY INFORMATION

Director	J C Butler
Secretary	L A Butler
Company number	1732607
Registered office	104 High Street, Eton Windsor Berkshire SL4 6AR
Auditors	Foreman & Hill 3, Park Street Windsor Berkshire SL4 1LU

ETON TRAVEL AGENCY LIMITED

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ETON TRAVEL AGENCY LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 1997

The director presents his report and financial statements for the year ended 30 June 1997.

Principal activities and review of the business

The principal activity of the company continued to be that of retail and business travel agents.

The company achieved a satisfactory trading result for the year. The business travel department produced a 17% increase in turnover and this trend is continuing in the current year. Business travel now represents over 75% of the total company turnover. Retail sales remained depressed however and fell 2.5% on the previous year.

Results and dividends

The results for the year are set out on pages 4 to 5.

Market value of land and buildings

In the opinion of the director the market value of land and buildings exceeds the current net book value.

Future developments

Following the action taken by British Airways, to reduce the basic commission paid to travel agents by 2% from 1 January 1998, the company will be carefully reviewing its operating policies. The 'Back Office' computer system, installed in March 1997, has not operated satisfactorily since installation and considerable management time and effort has been devoted to resolving problems which the system has created. The company will be looking to achieve a permanent solution early in 1998.

Directors

The following directors have held office since 1 July 1996:

J C Butler

N V Osborne

(Deceased 5 December 1996)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary of £1 each	
	30 June 1997	1 July 1996
J C Butler	193,000	160,500

Auditors

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

ETON TRAVEL AGENCY LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 1997

Director's responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



J C Butler

Director

22 December 1997

ETON TRAVEL AGENCY LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF ETON TRAVEL AGENCY LIMITED

We have audited the financial statements on pages 4 to 18 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 9.

Respective responsibilities of the director and auditors

As described on page 2 the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 director 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 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Foreman & Hill

22 December 1997

Chartered Accountants
Registered Auditor

3, Park Street
Windsor
Berkshire
SL4 1LU

ETON TRAVEL AGENCY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1997

	Notes	Year ended 30 June 1997 £	Year ended 30 June 1996 £
Turnover	2	20,201,956	18,681,048
Cost of sales		(18,602,187)	(17,141,542)
Gross profit		1,599,769	1,539,506
Distribution costs		(75,552)	(56,845)
Administrative expenses		(1,335,856)	(1,274,140)
Operating profit	3	188,361	208,521
Death benefit insurance claim	3	307,360	-
Profit on ordinary activities before interest		495,721	208,521
Investment income	4	9	3
Other interest receivable and similar income	4	2,137	995
Interest payable and similar charges	5	(140,285)	(164,360)
Profit on ordinary activities before taxation		357,582	45,159
Tax on profit on ordinary activities	6	(8,373)	(18,157)
Profit on ordinary activities after taxation	16	349,209	27,002

The profit and loss account has been prepared on the basis that all operations are continuing operations.

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

ETON TRAVEL AGENCY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1997

Note of historical cost profits and losses

	Year ended 30 June 1997 £	Year ended 30 June 1996 £
Reported profit on ordinary activities before taxation	357,582	45,159
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	2,440	2,440
Historical cost profit on ordinary activities before taxation	360,022	47,599
Historical cost profit for the year retained after taxation, extraordinary items and dividends	351,649	29,442

ETON TRAVEL AGENCY LIMITED

BALANCE SHEET AS AT 30 JUNE 1997

	Notes	1997 £	£	1996 £	£
Fixed assets					
Tangible assets	7		1,161,283		1,162,823
Investments	8		82,404		139,179
			<u>1,243,687</u>		<u>1,302,002</u>
Current assets					
Stocks	9	5,000		5,000	
Debtors	10	1,680,050		1,193,102	
Investments	11	3,695		3,695	
Cash at bank and in hand		9,507		398,004	
		<u>1,698,252</u>		<u>1,599,801</u>	
Creditors: amounts falling due within one year	12	(1,481,375)		(1,363,817)	
Net current assets			216,877		235,984
Total assets less current liabilities			1,460,564		1,537,986
Creditors: amounts falling due after more than one year	13		(695,537)		(1,122,166)
			<u>765,027</u>		<u>415,820</u>
Capital and reserves					
Called up share capital	15		198,000		198,000
Revaluation reserve	16		123,040		125,480
Profit and loss account	16		443,987		92,340
Shareholders' funds - equity interests	17		<u>765,027</u>		<u>415,820</u>

The financial statements were approved by the Board on 22 December 1997



J C Butler
Director

ETON TRAVEL AGENCY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 1997

	Year ended 30 June 1997 £	Year ended 30 June 1996 £
Net cash (outflow)/inflow from operating activities	(306,535)	622,733
Returns on investments and servicing of finance		
Interest received	2,137	995
Interest paid	(140,285)	(164,360)
Dividends received	9	3
Net cash outflow for returns on investments and servicing of finance	(138,139)	(163,362)
Taxation	(13,500)	(15,234)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(38,820)	(38,610)
Payments to acquire investments	(10,865)	(14,912)
Receipts from sales of investments	67,640	-
Net cash inflow/(outflow) for capital expenditure	17,955	(53,522)
Receipt from exceptional item	- 307,360	-
Net cash (outflow)/inflow before management of liquid resources and financing	(132,859)	390,615
Financing		
Repayment of long term bank loan	(50,386)	(64,236)
Repayment of other long term loans	(375,000)	-
Capital element of hire purchase contracts	(1,242)	(413)
Net cash outflow from financing	(426,628)	(64,649)
Decrease in cash in the year	<u>(559,487)</u>	<u>325,966</u>

ETON TRAVEL AGENCY LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 1997

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities		
		1997	1996
		£	£
	Operating profit	188,361	208,521
	Depreciation of tangible assets	40,358	46,090
	(Increase)/decrease in debtors	(486,948)	283,543
	(Decrease)/increase in creditors within one year	(48,306)	84,579
	Net cash (outflow)/inflow from operating activities	(306,535)	622,733

2	Analysis of net debt	1 July 1996	Cash flow	Other non-cash changes	30 June 1997
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	398,004	(388,497)		9,507
	Bank overdrafts	-	(170,990)		(170,990)
		<u>398,004</u>	<u>(559,487)</u>		<u>(161,483)</u>
	Liquid resources:				
	Short-term investments	3,695	-		3,695
	Debt:				
	Finance leases	(3,310)	1,241	-	(2,069)
	Debts falling due within one year	(25,000)	-	-	(25,000)
	Debts falling due after one year	(1,120,097)	425,387	-	(694,710)
		<u>(1,148,407)</u>	<u>426,628</u>	<u>-</u>	<u>(721,779)</u>
	Net debt	(746,708)	(132,859)	-	(879,567)

3	Reconciliation of net cash flow to movement in net debt		
		1997	1996
		£	£
	(Decrease)/increase in cash in the year	(559,487)	325,967
	Cash outflow from decrease in debt and lease financing	426,628	60,926
	Movement in net debt in the year	(132,859)	386,893
	Opening net debt	(746,708)	(1,133,601)
	Closing net debt	(879,567)	(746,708)

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

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

Land and buildings Freehold	Straight line over fifty years
Land and buildings Leasehold	Straight line over life of lease
Fixtures, fittings & equipment	14.28-20% straight line

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.
Current asset investments are stated at the lower of cost and net realisable value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

3	Operating profit	1997 £	1996 £
	Operating profit is stated after charging:		
	Depreciation of tangible assets	40,358	46,090
	Operating lease rentals	105,435	62,562
	Auditors' remuneration	6,200	5,200
		<u> </u>	<u> </u>
4	Income from investments, other interest receivable and similar income	1997 £	1996 £
	Other investment income	9	3
	Bank interest	2,137	995
		<u> </u>	<u> </u>
		2,146	998
		<u> </u>	<u> </u>
5	Interest payable	1997 £	1996 £
	On bank loans and overdrafts	28,842	36,472
	On loans repayable after 5 years	109,922	125,081
	Hire purchase interest	464	155
	On overdue tax	1,057	2,652
		<u> </u>	<u> </u>
		140,285	164,360
		<u> </u>	<u> </u>
6	Taxation	1997 £	1996 £
	U.K. current year taxation		
	U.K. corporation tax at 24% (1996 - 25%)	16,000	18,500
	Prior years		
	U.K. Corporation tax	(7,627)	(343)
		<u> </u>	<u> </u>
		8,373	18,157
		<u> </u>	<u> </u>

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

7 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 1 July 1996	1,219,372	21,350	281,654	1,522,376
Additions	2,500	-	36,318	38,818
At 30 June 1997	1,221,872	21,350	317,972	1,561,194
Depreciation				
At 1 July 1996	127,096	21,350	211,107	359,553
Charge for the year	15,937	-	24,421	40,358
At 30 June 1997	143,033	21,350	235,528	399,911
Net book value				
At 30 June 1997	1,078,839	-	82,444	1,161,283
At 30 June 1996	1,092,276	-	70,547	1,162,823

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
Historical cost at 1 July 1996 and at 30 June 1997	1,074,872
Depreciation based on cost	
At 1 July 1996	107,576
Charge for the year	13,497
At 30 June 1997	121,073
Net book values	
At 30 June 1997	953,799
At 30 June 1996	964,796

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment £
Net book values	
At 30 June 1997	2,236
At 30 June 1996	2,980
Depreciation charge for the year	
30 June 1997	744
30 June 1996	744

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

8 Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 July 1996	139,179
Additions	10,865
Disposals	(67,640)
At 30 June 1997	82,404

If the investments were sold at directors valuation, being surrender value, a tax charge would not arise. The investment comprises an endowment policy on the life of Mr J C Butler. The policy matures in 2012 and the proceeds will be used to repay the mortgage on the freehold property at 104 High Street, Eton. See also note 18. An insurance policy has also been effected on the life of Mr J C Butler for £375,000, payable in the event of his death before 2012.

9 Stocks	1997 £	1996 £
Finished goods and goods for resale	5,000	5,000
10 Debtors	1997 £	1996 £
Trade debtors	1,599,730	1,129,668
Other debtors	64,908	51,722
Prepayments and accrued income	15,412	11,712
	1,680,050	1,193,102
11 Current asset investments	1997 £	1996 £
Listed investments	3,695	3,695

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

12 Creditors: amounts falling due within one year	1997 £	1996 £
Bank loans and overdrafts	195,990	25,000
Net obligations under finance lease and hire purchase contracts	1,242	1,241
Trade creditors	1,063,519	1,091,780
Corporation tax	13,373	18,500
Other taxes and social security costs	30,132	43,749
Other creditors	44,600	40,061
Accruals and deferred income	132,519	143,486
	<u>1,481,375</u>	<u>1,363,817</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

13 Creditors: amounts falling due after more than one year	1997 £	1996 £
Bank loans	19,710	70,097
Other loans	675,000	1,050,000
Net obligations under finance leases and hire purchase agreements	827	2,069
	<u>695,537</u>	<u>1,122,166</u>
Analysis of loans		
Not wholly repayable within five years by instalments:		
Medium term bank loan	44,710	95,097
Not wholly repayable within five years other than by instalments:		
Birmingham & Midshires mortgage (repayable 2012 with interest at 11.7% fixed)	375,000	750,000
Birmingham & Midshires mortgage (repayable 2015 with interest at 12.52% fixed)	300,000	300,000
	<u>719,710</u>	<u>1,145,097</u>
Included in current liabilities	(25,000)	(25,000)
	<u>694,710</u>	<u>1,120,097</u>
Loan maturity analysis		
Between one and two years	19,710	25,000
Between two and five years	-	45,097
In five years or more	675,000	1,050,000
	<u>694,710</u>	<u>1,120,097</u>
The medium term bank loan is secured by fixed and floating charges over the assets of the company. The mortgage loans are secured on the freehold property at 104 High Street, Eton. Scale charges apply if the mortgages are repaid before 2002.		
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	1,706	1,706
Repayable between one and five years	1,137	2,843
	<u>2,843</u>	<u>4,549</u>
Finance charges and interest allocated to future accounting periods	(774)	(1,239)
	<u>2,069</u>	<u>3,310</u>
Included in liabilities falling due within one year	(1,242)	(1,241)
	<u>827</u>	<u>2,069</u>

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

14 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £23,512 (1996 - £21,220). A separate scheme is operated for directors to which the company contributed £10,687 (1996 - £10,687).

15 Share capital	1997 £	1996 £
Authorised		
500,000 Ordinary of £1 each	500,000	500,000
Allotted, called up and fully paid		
198,000 Ordinary of £1 each	198,000	198,000

16 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 July 1996	125,480	92,338
Retained profit for the period	-	349,209
Transfer from revaluation reserve to profit and loss account	-	2,440
Depreciation written back	(2,440)	-
Balance at 30 June 1997	123,040	443,987

17 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for the financial year	349,209	27,002
Opening shareholders' funds	415,820	388,818
Closing shareholders' funds	765,027	415,820

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

18 Contingent liabilities

The long term investment endowment policy is valued at the cost of the premiums paid, on the assumption that the premiums will continue to be paid in accordance with the terms of the policy. Should the policy be surrendered before the maturity date, the surrender value may be less than the cost of the premiums paid. No provision has been made in the financial statements for any loss which could arise from early surrender of the policy as the directors consider that all future premiums will be paid as they fall due.

19 Financial commitments

At 30 June 1997 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1997	1996	1997	1996
	£	£	£	£
Expiry date:				
Within one year	13,700	-	1,850	-
Between two and five years	-	13,700	57,128	51,685
In over five years	30,750	30,750	-	-
	<u>44,450</u>	<u>44,450</u>	<u>58,978</u>	<u>51,685</u>

20 Capital commitments

At 30 June 1997 the company had capital commitments as follows:

	1997	1996
	£	£
Contracted for but not provided in the financial statements	<u>9,600</u>	<u>18,163</u>

21 Directors' emoluments

	1997	1996
	£	£
Emoluments for qualifying services	52,222	40,093
Company pension contributions to money purchase schemes	10,687	10,687
	<u>62,909</u>	<u>50,780</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (1996 - 1).

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

22 Employees

Number of employees

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

	1997 Number	1996 Number
Directors	1	1
Administration	6	6
Travel operatives	51	53
	<u>58</u>	<u>60</u>

Employment costs

	£	£
Wages and salaries	799,942	807,347
Social security costs	69,798	70,704
Other pension costs	34,199	31,907
	<u>903,939</u>	<u>909,958</u>