

Company Registration No. 1732607 (England and Wales)

ETON TRAVEL AGENCY LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1998



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 1998

The director presents his report and financial statements for the year ended 30 June 1998.

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 with a 14% increase in turnover. Gross profit margin fell however, from 7.92% to 7.54%, as a direct result of the action taken by British Airways on 1 January 1998, when basic commission paid to travel agents was reduced by 2%. The Groups and Conference departments produced an 80% increase in turnover and Business Travel achieved an increase of 11% in turnover, over the previous year. Retail sales continue to be depressed and turnover fell by 6% compared with 1997.

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 many months of unsatisfactory operation of the existing system, a new computer system was acquired in August 1998. The first phase was put into operation in September 1998 and the new system should be in full operation early in 1999. The company will also be looking to promote its services on the Internet starting during 1999.

Director

The following director has held office since 1 July 1997:

J C Butler

Director's interests

The director's beneficial interest in the shares of the company was as stated below:

	Ordinary of £1 each	
	30 June 1998	1 July 1997
J C Butler	198,000	198,000

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 1998

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

11 December 1998

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.

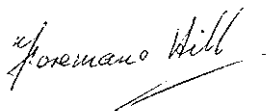
Basis of opinion

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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Foreman & Hill

15 December 1998

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 1998

	Notes	Year ended 30 June 1998 £	Year ended 30 June 1997 £
Turnover	2	23,048,062	20,201,956
Cost of sales		(21,310,137)	(18,602,187)
Gross profit		1,737,925	1,599,769
Distribution costs		(83,755)	(75,552)
Administrative expenses		(1,557,294)	(1,335,856)
Operating profit	3	96,876	188,361
Death benefit insurance claim	3	-	307,360
Profit on ordinary activities before interest		96,876	495,721
Investment income	4	11	9
Other interest receivable and similar income	4	1,189	2,137
Interest payable and similar charges	5	(21,531)	(140,285)
Profit on ordinary activities before taxation		76,545	357,582
Tax on profit on ordinary activities	6	(20,488)	(8,373)
Profit on ordinary activities after taxation	16	56,057	349,209

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 1998

Note of historical cost profits and losses

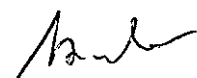
	Year ended 30 June 1998 £	Year ended 30 June 1997 £
Reported profit on ordinary activities before taxation	76,545	357,582
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	2,440	2,440
Historical cost profit on ordinary activities before taxation	78,985	360,022
Historical cost profit for the year retained after taxation, extraordinary items and dividends	58,497	351,649

ETON TRAVEL AGENCY LIMITED

BALANCE SHEET AS AT 30 JUNE 1998

	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	7	1,139,608		1,161,283	
Investments	8	90,379		82,404	
		<u>1,229,987</u>		<u>1,243,687</u>	
Current assets					
Stocks	9	5,000		5,000	
Debtors	10	1,596,142		1,680,050	
Investments	11	3,695		3,695	
Cash at bank and in hand		128,715		9,507	
		<u>1,733,552</u>		<u>1,698,252</u>	
Creditors: amounts falling due within one year	12	(1,467,455)		(1,481,375)	
Net current assets		<u>266,097</u>		<u>216,877</u>	
Total assets less current liabilities		<u>1,496,084</u>		<u>1,460,564</u>	
Creditors: amounts falling due after more than one year	13	(675,000)		(695,537)	
		<u>821,084</u>		<u>765,027</u>	
Capital and reserves					
Called up share capital	15	198,000		198,000	
Revaluation reserve	16	120,600		123,040	
Profit and loss account	16	502,484		443,987	
Shareholders' funds - equity interests	17	<u>821,084</u>		<u>765,027</u>	

The financial statements were approved by the Board on 11 December 1998


J C Butler
Director

ETON TRAVEL AGENCY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

	Year ended 30 June 1998 £	Year ended 30 June 1997 £
Net cash inflow/(outflow) from operating activities	396,683	(306,535)
Returns on investments and servicing of finance		
Interest received	1,189	2,137
Interest paid	(21,531)	(140,285)
Dividends received	11	9
Net cash outflow for returns on investments and servicing of finance	(20,331)	(138,139)
Taxation	(12,863)	(13,500)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(19,363)	(38,820)
Payments to acquire investments	(7,976)	(10,865)
Receipts from sales of investments	-	375,000
Net cash (outflow)/inflow for capital expenditure	(27,339)	325,315
Net cash inflow/(outflow) before management of liquid resources and financing	336,150	(132,859)
Financing		
Repayment of long term bank loan	(44,710)	(50,386)
Repayment of other long term loans	-	(375,000)
Capital element of hire purchase contracts	(1,242)	(1,242)
Net cash outflow from financing	(45,952)	(426,628)
Increase/(decrease) in cash in the year	290,198	(559,487)

ETON TRAVEL AGENCY LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities			1998	1997
				£	£
	Operating profit			96,876	188,361
	Depreciation of tangible assets			41,039	40,358
	Decrease/(increase) in debtors			83,908	(486,948)
	Increase/(decrease) in creditors within one year			174,860	(48,306)
	Net cash inflow/(outflow) from operating activities			396,683	(306,535)
2	Analysis of net debt	1 July 1997	Cash flow	Other non-cash changes	30 June 1998
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	9,507	119,208		128,715
	Bank overdrafts	(170,990)	170,990		-
		(161,483)	290,198		128,715
	Liquid resources:				
	Short-term investments	3,695	-		3,695
	Debt:				
	Finance leases	(2,069)	1,242	-	(827)
	Debts falling due within one year	(25,000)	25,000	-	-
	Debts falling due after one year	(694,710)	19,710	-	(675,000)
		(721,779)	45,952	-	(675,827)
	Net debt	(879,567)	336,150	-	(543,417)
3	Reconciliation of net cash flow to movement in net debt			1998	1997
				£	£
	Increase/(decrease) in cash in the year			290,198	(559,487)
	Cash outflow from decrease in debt and lease financing			45,952	426,628
	Movement in net debt in the year			336,150	(132,859)
	Opening net debt			(879,567)	(746,708)
	Closing net debt			(543,417)	(879,567)

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

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
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 1998

3 Operating profit	1998 £	1997 £
Operating profit is stated after charging:		
Depreciation of tangible assets	41,039	40,358
Operating lease rentals	107,308	105,435
Auditors' remuneration	7,200	6,200
4 Income from investments, other interest receivable and similar income	1998 £	1997 £
Other investment income	11	9
Bank interest	1,189	2,137
	1,200	2,146
5 Interest payable	1998 £	1997 £
On bank loans and overdrafts	(66,488)	28,842
On loans repayable after 5 years	83,635	109,922
Hire purchase interest	464	464
On overdue tax	3,920	1,057
	21,531	140,285
6 Taxation	1998 £	1997 £
U.K. current year taxation		
U.K. corporation tax at 21% (1997 - 24%)	21,000	16,000
Prior years		
U.K. Corporation tax	(512)	(7,627)
	20,488	8,373

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

7 Tangible fixed assets

	Land and buildings Freehold £	Fixtures, fittings & equipment £	Total £
Cost or valuation			
At 1 July 1997	1,221,872	317,973	1,539,845
Additions	-	19,364	19,364
At 30 June 1998	1,221,872	337,337	1,559,209
Depreciation			
At 1 July 1997	143,033	235,529	378,562
Charge for the year	15,937	25,102	41,039
At 30 June 1998	158,970	260,631	419,601
Net book value			
At 30 June 1998	1,062,902	76,706	1,139,608
At 30 June 1997	1,078,839	82,444	1,161,283

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

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

£

Cost

Historical cost at 1 July 1997 and at 30 June 1998 1,074,872

Depreciation based on cost

At 1 July 1997 121,073

Charge for the year 13,497

At 30 June 1998 134,570

Net book values

At 30 June 1998 940,302

At 30 June 1997 953,799

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

Fixtures,
fittings &
equipment
£

Net book values

At 30 June 1998 1,492

At 30 June 1997 2,236

Depreciation charge for the year

30 June 1998 744

30 June 1997 744

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

8 Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 July 1997	82,404
Additions	7,975
At 30 June 1998	90,379

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	1998 £	1997 £
Finished goods and goods for resale	5,000	5,000

10 Debtors	1998 £	1997 £
Trade debtors	1,485,974	1,599,730
Other debtors	91,825	64,908
Prepayments and accrued income	18,343	15,412
	1,596,142	1,680,050

11 Current asset investments	1998 £	1997 £
Listed investments	3,695	3,695

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

12 Creditors: amounts falling due within one year	1998	1997
	£	£
Bank loans and overdrafts	-	195,990
Net obligations under finance lease and hire purchase contracts	827	1,242
Trade creditors	1,222,412	1,063,519
Corporation tax	20,998	13,373
Other taxes and social security costs	29,800	30,132
Other creditors	48,879	44,600
Accruals and deferred income	144,539	132,519
	<u>1,467,455</u>	<u>1,481,375</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 1998

13 Creditors: amounts falling due after more than one year	1998	1997
	£	£
Bank loans	-	19,710
Other loans	675,000	675,000
Net obligations under finance leases and hire purchase agreements	-	827
	<u>675,000</u>	<u>695,537</u>
Analysis of loans		
Not wholly repayable within five years by instalments:		
Medium term bank loan	-	44,710
Not wholly repayable within five years other than by instalments:		
Birmingham & Midshires mortgage (repayable 2012 with interest at 11.7% fixed)	375,000	375,000
Birmingham & Midshires mortgage (repayable 2015 with interest at 12.52% fixed)	300,000	300,000
	<u>675,000</u>	<u>719,710</u>
Included in current liabilities	-	(25,000)
	<u>675,000</u>	<u>694,710</u>
Loan maturity analysis		
Between one and two years	-	19,710
In five years or more	675,000	675,000
	<u>675,000</u>	<u>675,000</u>
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	1,137	1,706
Repayable between one and five years	-	1,137
	<u>1,137</u>	<u>2,843</u>
Finance charges and interest allocated to future accounting periods	(310)	(774)
	<u>827</u>	<u>2,069</u>
Included in liabilities falling due within one year	(827)	(1,242)
	<u>-</u>	<u>827</u>

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

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 £10,750 (1997 - £23,512). A separate scheme is operated for directors to which the company contributed £10,687 (1997 - £10,687).

15 Share capital	1998	1997
	£	£
Authorised		
500,000 Ordinary of £1 each	500,000	500,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
198,000 Ordinary of £1 each	198,000	198,000
	<u> </u>	<u> </u>

16 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 July 1997	123,040	443,987
Retained profit for the period	-	56,057
Transfer from revaluation reserve to profit and loss account	-	2,440
Depreciation written back	(2,440)	-
Balance at 30 June 1998	<u>120,600</u>	<u>502,484</u>

17 Reconciliation of movements in shareholders' funds	1998	1997
	£	£
Profit for the financial year	56,057	349,209
Opening shareholders' funds	765,027	415,818
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>821,084</u>	<u>765,027</u>

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

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 1998 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1998	1997	1998	1997
	£	£	£	£
Expiry date:				
Within one year	-	13,700	33,460	1,850
Between two and five years	-	-	29,198	57,128
In over five years	43,500	30,750	-	-
	<u>43,500</u>	<u>44,450</u>	<u>62,658</u>	<u>58,978</u>

20 Capital commitments

At 30 June 1998 the company had capital commitments as follows:

	1998	1997
	£	£
Contracted for but not provided in the financial statements	-	9,600

21 Director's emoluments

	1998	1997
	£	£
Emoluments for qualifying services	60,899	52,222
Company pension contributions to money purchase schemes	10,687	10,687
	<u>71,586</u>	<u>62,909</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (1997 - 1).

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1998

22 Employees

Number of employees

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

	1998 Number	1997 Number
Directors	1	1
Administration	6	6
Travel operatives	53	51
	<u>60</u>	<u>58</u>

Employment costs

	£	£
Wages and salaries	877,403	799,942
Social security costs	81,906	69,798
Other pension costs	21,437	34,199
	<u>980,746</u>	<u>903,939</u>

23 Related party transactions

Mr J C Butler, the director, is also the controlling partner of Eton T-Shirt Co. At 30 June 1998 there was an amount of £2,606 due from the partnership to the company, included in trade debtors.