

Company Registration No. 1732607 (England and Wales)

ETON TRAVEL AGENCY LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2000



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 5 Curfew Yard, Thames Street Windsor Berkshire SL4 1SN

ETON TRAVEL AGENCY LIMITED

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ETON TRAVEL AGENCY LIMITED

DIRECTOR'S REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2000

The director presents his report and financial statements for the period ended 30 September 2000.

Principal activities and review of the business

The principal activity of the company continued to be that of retail, business, groups and conference travel.

The year end of the company has been changed for commercial reasons to 30 September and these accounts cover a 15 month trading period. The results for the period show a pre tax loss of £82,529, after charging one-off costs of £317,565 arising from a legal claim against a company which supplied a computer system which never operated satisfactorily. Although turnover year on year fell by 6.29%, the gross profit margin rose from 7.59% last year to 9.01% for the current 15 month trading period.

Results and dividends

The results for the period are set out on page 4.

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

The year ahead will bring significant changes to the travel industry and the way that the company earns its gross profit, with the introduction of transaction and management fees to the business traveller. British Airways, one of the company's major suppliers, has cancelled commission payments and replaced them with fee-band per sector booking payments with effect from 1 April 2001.

Director

The following director has held office since 1 July 1999:

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 September 2000	1 July 1999
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 (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2000

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.

On behalf of the board



J C Butler

Director

21 December 2000

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 10.

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.

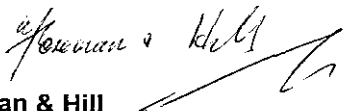
Basis of opinion

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 September 2000 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Foreman & Hill

21 December 2000

Chartered Accountants
Registered Auditor

5 Curfew Yard, Thames Street
Windsor
Berkshire
SL4 1SN

ETON TRAVEL AGENCY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 SEPTEMBER 2000

		Period ended 30 September 2000 £	Year ended 30 June 1999 £
	Notes		
Turnover	2	28,565,591	24,855,936
Cost of sales		(25,991,163)	(22,968,383)
Gross profit		2,574,428	1,887,553
Distribution costs		(100,211)	(90,779)
Administrative expenses		(2,427,682)	(1,607,648)
Operating profit	3	46,535	189,126
Investment income	4	(522)	540
Other interest receivable and similar income		5,938	2,122
Interest payable and similar charges	5	(134,480)	(96,028)
(Loss)/profit on ordinary activities before taxation		(82,529)	95,760
Tax on (loss)/profit on ordinary activities	6	10,000	(21,700)
(Loss)/profit on ordinary activities after taxation	16	(72,529)	74,060

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

ETON TRAVEL AGENCY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 30 SEPTEMBER 2000

	Period ended 30 September 2000 £	Year ended 30 June 1999 £
(Loss)/profit for the financial period	(72,529)	74,060
Prior year adjustment	-	105,584
Total gains and losses recognised since last financial statements	(72,529)	179,644

Note of historical cost profits and losses

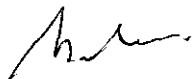
	Period ended 30 September 2000 £	Year ended 30 June 1999 £
Reported (loss)/profit on ordinary activities before taxation	(82,529)	95,760
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	3,550	2,440
Historical cost (loss)/profit on ordinary activities before taxation	(78,979)	98,200
Historical cost (loss)/profit for the period retained after taxation, extraordinary items and dividends	(68,979)	76,500

ETON TRAVEL AGENCY LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2000

	Notes	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	7		1,196,671		1,203,916
Investments	8		108,321		98,354
			<u>1,304,992</u>		<u>1,302,270</u>
Current assets					
Stocks	9	5,000		5,000	
Debtors	10	2,232,313		2,386,424	
Investments	11	3,098		3,695	
Cash at bank and in hand		65,771		400,009	
		<u>2,306,182</u>		<u>2,795,128</u>	
Creditors: amounts falling due within one year	12	(1,961,357)		(2,357,330)	
Net current assets			<u>344,825</u>		<u>437,798</u>
Total assets less current liabilities			1,649,817		1,740,068
Creditors: amounts falling due after more than one year	13		(721,619)		(739,340)
			<u>928,198</u>		<u>1,000,728</u>
Capital and reserves					
Called up share capital	15		198,000		198,000
Revaluation reserve	16		115,110		118,160
Profit and loss account	16		615,088		684,568
Shareholders' funds - equity interests	17		<u>928,198</u>		<u>1,000,728</u>

The financial statements were approved by the Board on 21 December 2000



J C Butler
Director

ETON TRAVEL AGENCY LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2000

	Period ended 30 September 2000 £	Year ended 30 June 1999 £
Net cash outflow from operating activities	(50,773)	(26,763)
Returns on investments and servicing of finance		
Interest received	5,938	2,122
Interest paid	(134,480)	(96,028)
Dividends received	7	540
Net cash outflow for returns on investments and servicing of finance	(128,535)	(93,366)
Taxation	(66,001)	339,503
Capital expenditure and financial investment		
Payments to acquire tangible assets	(58,947)	(130,648)
Payments to acquire investments	(9,968)	(7,975)
Receipts from sales of investments	(529)	-
Net cash outflow for capital expenditure	(69,444)	(138,623)
Net cash (outflow)/inflow before management of liquid resources and financing	(314,753)	80,751
Management of liquid resources		
Current asset investments	597	-
Financing		
New long term bank loan	-	64,340
Other new long term loans	11,074	-
Other new short term loans	21,503	21,446
Repayment of long term bank loan	(26,808)	-
Repayment of other long term loans	(21,503)	-
Capital element of hire purchase contracts	(4,348)	(827)
Net cash (outflow)/inflow from financing	(20,082)	84,959
(Decrease)/increase in cash in the period	<u>(334,238)</u>	<u>165,710</u>

ETON TRAVEL AGENCY LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2000

1	Reconciliation of operating profit to net cash outflow from operating activities	2000	1999
		£	£
	Operating profit	46,535	189,126
	Depreciation of tangible assets	98,583	66,340
	Decrease/(increase) in debtors	164,111	(790,282)
	(Decrease)/Increase in creditors within one year	(360,002)	508,053
	Net cash outflow from operating activities	(50,773)	(26,763)

2	Analysis of net debt	1 July 1999	Cash flow	Other non-cash changes	30 September 2000
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	400,009	(334,238)	-	65,771
	Liquid resources:				
	Short-term investments	3,695	(597)	-	3,098
	Debt:				
	Finance leases	-	4,347	(32,390)	(28,043)
	Debts falling due within one year	(21,446)	(21,503)	-	(42,949)
	Debts falling due after one year	(739,340)	37,237	-	(702,103)
		(760,786)	20,081	(32,390)	(773,095)
	Net debt	(357,082)	(314,754)	(32,390)	(704,226)

3	Reconciliation of net cash flow to movement in net debt	2000	1999
		£	£
	(Decrease)/increase in cash in the period	(334,238)	271,294
	Cash inflow from decrease in liquid resources	(597)	-
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	20,081	(84,959)
	Change in net debt resulting from cash flows	(314,754)	186,335
	New finance lease	(32,390)	-
	Movement in net debt in the period	(347,144)	186,335
	Opening net debt	(357,082)	(543,417)
	Closing net debt	(704,226)	(357,082)

ETON TRAVEL AGENCY LIMITED

NOTES TO THE CASH FLOW STATEMENT (CONTINUED) *FOR THE PERIOD ENDED 30 SEPTEMBER 2000*

4 Major non-cash transactions

To the increase in cash of £165,710 shown in the comparative cash flow statement, it is necessary to add £105,584, being the net effect of the prior year adjustment, in order to reconcile with the figure of £271,294 which appears as the comparative figure in the reconciliation of net cash flow.

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2000

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 Compliance with accounting standards

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

1.3 Turnover

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

1.4 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
Motor vehicles	25% straight line

1.5 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.

1.6 Investments

Current asset investments are stated at the lower of cost and net realisable value.

1.7 Stock

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

1.8 Pensions

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

1.9 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 period has been derived from its principal activity wholly undertaken in the United Kingdom.

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2000

3	Operating profit	2000	1999
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	98,583	66,340
	Operating lease rentals	121,219	124,963
	Auditors' remuneration	9,000	7,500
		<u> </u>	<u> </u>
4	Investment income	2000	1999
		£	£
	Income from fixed asset investments	(522)	540
		<u> </u>	<u> </u>
5	Interest payable	2000	1999
		£	£
	On bank loans and overdrafts	35,077	13,399
	On loans repayable after 5 years	97,582	82,184
	Hire purchase interest	1,326	310
	On overdue tax	495	135
		<u> </u>	<u> </u>
		134,480	96,028
		<u> </u>	<u> </u>
6	Taxation	2000	1999
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 20% (1999 - 21%)	(10,000)	21,000
	Prior years		
	U.K. corporation tax	-	700
		<u> </u>	<u> </u>
		(10,000)	21,700
		<u> </u>	<u> </u>

The company has estimated losses of £8,416 (1999 - £-) available for carry forward against future trading profits.

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2000

7 Tangible fixed assets

	Land and buildings Freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 July 1999	1,221,872	270,369	6,200	1,498,441
Additions	-	74,788	16,550	91,338
At 30 September 2000	1,221,872	345,157	22,750	1,589,779
Depreciation				
At 1 July 1999	174,907	118,068	1,550	294,525
Charge for the period	19,922	71,551	7,110	98,583
At 30 September 2000	194,829	189,619	8,660	393,108
Net book value				
At 30 September 2000	1,027,043	155,538	14,090	1,196,671
At 30 June 1999	1,046,965	152,301	4,650	1,203,916

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

	£
Cost	
At 1 July 1999 & at 30 September 2000	1,074,872
Depreciation based on cost	
At 1 July 1999	148,067
Charge for the period	16,872
At 30 September 2000	164,939
Net book value	
At 30 September 2000	909,933
At 30 June 1999	926,805

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2000

7 Tangible fixed assets (continued)

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

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Net book values			
At 30 September 2000	9,705	11,378	21,083
Depreciation charge for the period			
30 September 2000	3,235	5,172	8,407

8 Fixed asset investments

	Unlisted investments £
Cost or valuation	
At 1 July 1999	98,354
Additions	9,967
At 30 September 2000	108,321

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	2000 £	1999 £
Finished goods and goods for resale	5,000	5,000

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2000

10 Debtors	2000	1999
	£	£
Trade debtors	1,608,083	1,829,361
Corporation tax	10,000	-
Other debtors	595,862	536,159
Prepayments and accrued income	18,368	20,904
	<u>2,232,313</u>	<u>2,386,424</u>
 11 Current asset investments	 2000	 1999
	£	£
Listed investments	<u>3,098</u>	<u>3,695</u>
 12 Creditors: amounts falling due within one year	 2000	 1999
	£	£
Bank loans and overdrafts	42,949	21,446
Net obligations under hire purchase contracts	8,527	-
Trade creditors	1,287,940	1,685,254
Corporation tax	316,200	382,201
Other taxes and social security costs	27,055	31,673
Other creditors	59,755	57,814
Accruals and deferred income	218,931	178,942
	<u>1,961,357</u>	<u>2,357,330</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 (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2000

13 Creditors: amounts falling due after more than one year	2000 £	1999 £
Bank loans	37,532	64,340
Other loans	664,571	675,000
Net obligations under hire purchase contracts	19,516	-
	<u>721,619</u>	<u>739,340</u>
Analysis of loans		
Not wholly repayable within five years by instalments:		
Birmingham & Midshires mortgage (Repayable by 2015)	386,073	-
Not wholly repayable within five years other than by instalments:		
Birmingham & Midshires mortgage (repayable 2012 with interest at 11.7% fixed)	-	375,000
Birmingham & Midshires mortgage (repayable 2015 with interest at 12.52% fixed)	300,000	300,000
Wholly repayable within five years	58,979	85,786
	<u>745,052</u>	<u>760,786</u>
Included in current liabilities	(42,949)	(21,446)
	<u>702,103</u>	<u>739,340</u>
Instalments not due within five years	<u>278,588</u>	<u>-</u>
Loan maturity analysis		
In more than one year but not more than two years	42,949	21,446
In more than two years but not more than five years	80,593	42,894
In more than five years	578,561	675,000
	<u></u>	<u></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. Other loans are unsecured.		
Net obligations under hire purchase contracts		
Repayable within one year	11,177	-
Repayable between one and five years	23,492	-
	<u>34,669</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(6,627)	-
	<u>28,042</u>	<u>-</u>
Included in liabilities falling due within one year	(8,527)	-
	<u>19,515</u>	<u>-</u>

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2000

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 £17,872 (1999 - £12,740). A separate scheme is operated for directors to which the company contributed £11,200 (1999-£10,400)).

15 Share capital	2000 £	1999 £
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 1999	118,160	684,567
Retained loss for the period	-	(72,529)
Transfer from revaluation reserve to profit and loss account	-	3,050
Depreciation written back	(3,050)	-
Balance at 30 September 2000	115,110	615,088

17 Reconciliation of movements in shareholders' funds	2000 £	1999 £
(Loss)/Profit for the financial period	(72,529)	74,060
Opening shareholders' funds	1,000,728	926,668
Closing shareholders' funds	928,198	1,000,728

The comparative shareholders funds were originally £895,144 before adding prior year adjustments of £105,584, arising from the following circumstances.

The company's affairs were subject to an Inland Revenue enquiry which resulted in the discovery of undisclosed transactions with the director between 1992 and 1998. These totalled £465,584 and are shown as loan to director. Arising from the enquiry additional corporation tax, interest and penalties amounting to £233,745 have become payable, plus £124,302 arising from the loan to director. The latter sum may become repayable to the company if the loan to the director is repaid to the company. Although the Inland Revenue enquiries have been concluded, final agreement of the tax, interest and penalties due, will only be confirmed by the Board of the Inland Revenue during January 2001.

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2000

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 director considers that all future premiums will be paid as they fall due.

19 Financial commitments

At 30 September 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2000	1999	2000	1999
	£	£	£	£
Expiry date:				
Within one year	-	-	6,015	1,512
Between two and five years	-	-	28,278	53,326
In over five years	26,250	26,250	-	-
	<u>26,250</u>	<u>26,250</u>	<u>34,293</u>	<u>54,838</u>

20 Director's emoluments

	2000	1999
	£	£
Emoluments for qualifying services	140,968	65,907
Company pension contributions to money purchase schemes	11,200	10,400
	<u>152,168</u>	<u>76,307</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (1999 - 1).

21 Transactions with directors

The following directors had interest free loans during the period. The movement on these loans are as follows:

	Amount outstanding		Maximum
	2000	1999	in period
	£	£	£
J C Butler's account (debit balance)	<u>439,302</u>	<u>485,924</u>	<u>522,431</u>

See also note 17.

ETON TRAVEL AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2000

22 Employees

Number of employees

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

	2000 Number	1999 Number
Directors	1	1
Administration	6	6
Travel operatives	52	52
	<u>59</u>	<u>59</u>

Employment costs

	£	£
Wages and salaries	1,287,603	967,196
Social security costs	114,325	88,439
Other pension costs	29,072	23,140
	<u>1,431,000</u>	<u>1,078,775</u>

23 Control

The ultimate controlling party is John Butler who together with his wife holds all the issued share capital of the company.

24 Related party transactions

Mr J C Butler is also the controlling partner in the business partnership of Eton T-Shirt Co. During the year the company purchased goods and services from Eton T Shirt Co totalling £2,114. At the year end there was an amount due to Eton T Shirt Co of £223, included in accruals.