

(COMPANY NUMBER: 1732607)

REGISTERED

ETON TRAVEL AGENCY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003



A21
COMPANIES HOUSE

AT1FUR48

0310
23/12/03

b2010.12.11.11

ETON TRAVEL AGENCY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003

CONTENTS	PAGE NUMBER
Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Auditors' Report	4 - 5
Profit and Loss Account	6
Historical Cost Profit	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Financial Statements	10 - 19

ETON TRAVEL AGENCY LIMITED
COMPANY INFORMATION

DIRECTORS: K T Thompson
M A Boone
C K Klinker

SECRETARY: L A Butler

COMPANY NUMBER: 1732607

REGISTERED OFFICE: 104 High Street
Eton
Windsor
Berkshire
SL4 6AF

AUDITORS: Horwath Clark Whitehill
Kennet House
80 Kings Road
Reading
Berkshire
RG1 3BL

REGISTRARS COPY

ETON TRAVEL AGENCY LIMITED
DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 September 2003.

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDENDS

The results for the year show a profit before tax and dividend payment of £46,511 (2002: £173,128), after tax and dividend paid of £51,000 (2002: £Nil) the transfer (from)/to reserves was £(17,228) (2002: £129,503).

The dividend payment was made to Eton Travel Holdings Limited, for the buy back of 30,000 of its own shares in March 2003.

The directors are satisfied with the result for the year, considering the problems experienced, starting with the threat of the war with Iraq at the beginning of the financial year, then the war, followed by the SARS epidemic.

The prospects for the coming year are looking brighter and the directors are optimistic that the action taken to increase business will result in growth in turnover and profitability for the company.

CHARITABLE DONATIONS

During the year the company made donations totalling £2,200 (2002: £1,277).

DIRECTORS' AND THEIR INTERESTS

The directors during the year were:

K J Thompson
M A Boone
C K Klinker

All of the directors have an indirect interest in Eton Travel Agency Limited through the holding company, Eton Travel Holdings Limited, as shown in the accounts of that company.

No right to subscribe for shares in, or debentures of, the entity was granted to, or exercised by, any of the directors during the year.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the appointment of Horwath Clark Whitehill as auditors to the company will be put to the Annual General Meeting.

Approved by the Board on *16 December 2003*
and signed on its behalf by



C K KLINKER
DIRECTOR

ETON TRAVEL AGENCY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for the financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss of the company for that year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities. The directors are responsible for ensuring that the Directors' Report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF ETON TRAVEL AGENCY LIMITED

We have audited the financial statements of Eton Travel Agency Limited for the year ended 30 September 2003 which comprise of Profit and Loss account, Historical Cost Profit Statement, Balance Sheet, Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of 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 with the company is not disclosed.

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

BASIS OF 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 circumstances, consistently applied and adequately disclosed.

**INDEPENDENT AUDITORS REPORT
TO THE SHAREHOLDERS OF ETON TRAVEL AGENCY LIMITED (CONTINUED)**

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 the information in the financial statements.

UNQUALIFIED OPINION

In our opinion the financial statements give a true and fair view of the state of the company as at 30 September 2003 and of the result for the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Reading

18 October 2003

Horwath Clark Whitehill

HORWATH CLARK WHITEHILL
Chartered Accountants and
Registered Auditors

ETON TRAVEL AGENCY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Note	2003 £	2002 £
TURNOVER	2	20,198,285	20,558,930
Cost of sales		<u>(18,154,299)</u>	<u>(18,427,790)</u>
GROSS PROFIT		2,043,986	2,131,140
Distribution costs		(70,039)	(57,011)
Administrative expenses		<u>(1,853,324)</u>	<u>(1,815,720)</u>
OPERATING PROFIT	3	120,623	258,409
Investment income	6	750	4
Other interest receivable and similar income		15,897	13,603
Interest payable and similar charges	7	<u>(90,759)</u>	<u>(98,888)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		46,511	173,128
Tax on profit on ordinary activities	8	<u>(12,739)</u>	<u>(43,625)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		33,772	129,503
Dividends paid		<u>(51,000)</u>	-
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	18	<u>£ (17,228)</u>	<u>£ 129,503</u>

The profit and loss account contains all the gains and losses recognised in the year and represents the only movement in shareholders' funds. All operations are continuing.

ETON TRAVEL AGENCY LIMITED
HISTORICAL COST PROFIT
FOR THE YEAR ENDED 30 SEPTEMBER 2003

	2003 £	2002 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	46,511	173,128
Difference between the historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>2,440</u>	<u>2,440</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>£ 48,951</u>	<u>£ 175,568</u>
HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION AND DIVIDENDS	<u>£ 36,212</u>	<u>£ 131,943</u>

ETON TRAVEL AGENCY LIMITED
BALANCE SHEET
30 SEPTEMBER 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	9	1,061,867	1,097,587
Investments	10	<u>132,246</u>	<u>124,271</u>
		1,194,113	1,221,858
CURRENT ASSETS			
Stocks	11	5,000	5,000
Debtors	12	1,944,145	1,678,716
Investments	13	3,098	3,098
Cash at bank and in hand		<u>332,597</u>	<u>638,642</u>
		2,284,840	2,325,456
CREDITORS: Amounts falling due within one year	14	<u>(1,421,892)</u>	<u>(1,426,366)</u>
NET CURRENT ASSETS		<u>862,948</u>	<u>899,090</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,057,061	2,120,948
CREDITORS: Amounts falling due after more than one year	15	<u>(934,517)</u>	<u>(981,176)</u>
NET ASSETS		<u>£ 1,122,544</u>	<u>£ 1,139,772</u>
CAPITAL AND RESERVES			
Called up share capital	17	198,000	198,000
Revaluation reserve	18	107,790	110,230
Profit and loss account	18	<u>816,754</u>	<u>831,542</u>
SHAREHOLDERS' FUNDS	19	<u>£ 1,122,544</u>	<u>£ 1,139,772</u>

Approved by the board on *16 December 2003*
and signed on its behalf by:

Charles Klinker

C K KLINKER
DIRECTOR

K J Thompson

K J THOMPSON
DIRECTOR

ETON TRAVEL AGENCY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Notes	2003 £	2002 £
CASH FLOW STATEMENT			
Net cash (outflow)/inflow from operating activities	24	(18,529)	479,472
Returns on investments and servicing of finance			
Interest received		15,897	13,603
Interest paid		(90,759)	(98,888)
Dividends received		<u>750</u>	<u>4</u>
Net cash outflow for returns on investments and servicing of finance		(74,112)	(85,281)
Taxation			
Corporation tax recovered		-	10,093
Corporation tax paid		<u>(45,639)</u>	<u>(13,959)</u>
		(45,639)	(3,866)
Capital expenditure and financial investment			
Proceeds from sale of tangible fixed assets		1,200	-
Payments to acquire tangible fixed assets		(7,686)	(14,505)
Payments to acquire investments		<u>(7,975)</u>	<u>(7,975)</u>
Net cash outflow for capital expenditure		(14,461)	(22,480)
Equity dividends paid			
Dividends paid		<u>(51,000)</u>	<u>-</u>
Net cash (outflow)/inflow before management of liquid resources and financing		(203,741)	367,845
FINANCING			
Repayment of bank loans		(56,676)	(51,213)
Repayment of other loans		(27,208)	(49,070)
Capital element of hire purchase contracts		<u>(18,420)</u>	<u>(8,526)</u>
Net cash outflow from financing		<u>(102,304)</u>	<u>(108,809)</u>
(DECREASE)/INCREASE IN CASH IN THE YEAR	26	<u>£ (306,045)</u>	<u>£ 259,036</u>

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of Freehold Land and Buildings and in accordance with applicable accounting standards.

b) Turnover

Income is recognised when the service has been provided to the customer. Turnover excludes value added tax and sales of fixed assets.

c) 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 and equipment	Straight line over 5 – 7 years
Motor vehicles	Straight line over 4 years

d) Leased assets

Where the company has entered into finance leases, the obligations to the lessor are shown as part of borrowings and the rights in the corresponding assets are treated in the same way as owned fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than the right to legal title.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

e) Investments

Fixed asset investments comprise contributions to an endowment fund and are stated at cost.

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

f) Stock

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

g) Pensions

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

FINANCIAL STATEMENTS

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003

1. ACCOUNTING POLICIES (continued)

h) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date will result in an obligation to pay more, or a right to pay less tax, with the following exceptions:-

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

2. TURNOVER

The turnover and profit before tax is wholly attributable to the company's sole activity, which is carried out entirely in the United Kingdom.

3. OPERATING PROFIT

	2003 £	2002 £
Operating profit is stated after charging:		
Depreciation of tangible assets - on owned assets	79,434	75,985
- on leased assets	2,357	6,726
Operating lease rentals - plant and machinery	34,422	33,147
- land and buildings	26,250	26,250
Auditors' remuneration - audit	10,800	10,500
- other services	<u>3,493</u>	<u>2,468</u>

4. EMPLOYEES

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

	2003 No.	2002 No.
Directors	3	3
Administration	12	11
Travel operatives	38	40
Drivers and cleaners	<u>5</u>	<u>5</u>
	<u>58</u>	<u>59</u>

EMPLOYMENT COSTS

	£	£
Wages and salaries	1,220,909	1,193,724
Social security costs	116,914	103,618
Other pension costs	<u>51,182</u>	<u>37,562</u>
	<u>£ 1,389,005</u>	<u>£ 1,334,904</u>

REGISTERED

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003

5. DIRECTORS EMOLUMENTS

	2003 £	2002 £
Emoluments for qualifying services	200,680	193,586
Company pension contributions to money purchase schemes	<u>2,868</u>	<u>3,410</u>
	<u>£ 203,548</u>	<u>£ 196,996</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2002: 3).

In respect of the highest paid director their aggregate remuneration totalled £81,652 and company pension contributions to the money purchase scheme amounted to £619.

6. INVESTMENT INCOME

	2003 £	2002 £
Income from fixed asset investments	<u>£ 750</u>	<u>£ 4</u>

7. INTEREST PAYABLE

	2003 £	2002 £
Bank and commercial loans	88,926	96,043
Hire purchase contracts	1,833	2,651
Overdue tax	<u>-</u>	<u>194</u>
	<u>£ 90,759</u>	<u>£ 98,888</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) The taxation charge comprises:-

	2003 £	2002 £
Current tax:		
UK corporation tax at 19% (2002: 20%)	13,100	46,000
Overprovision from previous years	<u>(361)</u>	<u>(2,375)</u>
Total current tax (note 8b)	<u>£ 12,739</u>	<u>£ 43,625</u>

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

b) Reconciliation of current tax charge

Profit on ordinary activities before tax	<u>£ 46,511</u>	<u>£ 173,128</u>
Profit on ordinary activities multiplied by marginal rate of corporation tax in the UK of 19% (2002: 20%)	8,837	34,422
Effects of:		
Expenses not deductible for tax purposes	393	324
Depreciation on non-qualifying assets	3,028	3,028
Deferred tax not provided on current year timing differences	787	8,294
Over provision in prior years	(361)	(2,375)
Adjustment for change in tax rates	-	(68)
Contingency	<u>55</u>	<u>-</u>
	<u>£ 12,739</u>	<u>£ 43,625</u>

9. TANGIBLE FIXED ASSETS

	Land & buildings Freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
COST				
At 1 October 2002	1,221,872	407,627	26,381	1,655,880
Additions	-	32,611	13,460	46,071
Disposals	<u>-</u>	<u>-</u>	<u>(6,200)</u>	<u>(6,200)</u>
At 30 September 2003	<u>1,221,872</u>	<u>440,238</u>	<u>33,641</u>	<u>1,695,751</u>
DEPRECIATION				
At 1 October 2002	226,703	310,646	20,944	558,293
Charge for the year	15,937	60,529	5,325	81,791
Disposals	<u>-</u>	<u>-</u>	<u>(6,200)</u>	<u>(6,200)</u>
At 30 September 2003	<u>242,640</u>	<u>371,175</u>	<u>20,069</u>	<u>633,884</u>
NET BOOK VALUES				
At 30 September 2003	<u>£ 979,232</u>	<u>£ 69,063</u>	<u>£ 13,572</u>	<u>£1,061,867</u>
At 30 September 2002	<u>£ 995,169</u>	<u>£ 96,981</u>	<u>£ 5,437</u>	<u>£1,097,587</u>

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003

9. TANGIBLE FIXED ASSETS (Continued)

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

	£
COST	
At 1 October 2002 and 30 September 2003	<u>1,074,872</u>
DEPRECIATION BASED ON COST	
At 1 October 2002	191,933
Charge for the year	<u>13,497</u>
At 30 September 2003	<u>205,430</u>
NET BOOK VALUES	
At 30 September 2003	<u>£ 869,442</u>
At 30 September 2002	<u>£ 882,939</u>

The last professional valuation of the land and buildings was carried out on the 31 May 2001. No new valuation has been carried out during the year as the directors are unaware of any material change in value.

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 2003	<u>£ 22,848</u>	<u>£ 13,180</u>	<u>£ 36,028</u>
DEPRECIATION CHARGE FOR THE YEAR			
At 30 September 2003	<u>£ 2,077</u>	<u>£ 280</u>	<u>£ 2,357</u>

10. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 October 2002	124,271
Additions	<u>7,975</u>
At 30 September 2003	<u>£ 132,246</u>

The market value of investments at 30 September 2003 is £132,533 (2002: £116,758).

12/09/2003 10:00

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003

11. STOCKS

	2003 £	2002 £
Finished goods and goods for resale	<u>£ 5,000</u>	<u>£ 5,000</u>

12. DEBTORS

	2003 £	2002 £
Trade debtors	1,424,381	1,146,580
Amounts owed by group undertakings	390,000	390,000
Other debtors	63,515	49,256
Prepayments and accrued income	<u>66,249</u>	<u>92,880</u>
	<u>£ 1,944,145</u>	<u>£ 1,678,716</u>

13. CURRENT ASSET INVESTMENTS

	2003 £	2002 £
Listed investments	<u>£ 3,098</u>	<u>3,098</u>

14. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank loans	60,710	56,999
Other loans	4,634	27,208
Net obligations under hire purchase contracts	12,592	10,989
Trade creditors	1,234,539	1,171,784
Corporation tax	13,100	46,000
Other taxes and social security costs	51,809	51,101
Other creditors	31,436	48,905
Accruals and deferred income	<u>13,072</u>	<u>13,380</u>
	<u>£ 1,421,892</u>	<u>£ 1,426,366</u>

15. CREDITORS: Amounts falling due after more than one year

	2003 £	2002 £
Bank loans	916,155	976,542
Other loans	-	4,634
Net obligations under hire purchase contracts	<u>18,362</u>	<u>-</u>
	<u>£ 934,517</u>	<u>£ 981,176</u>

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003

15. CREDITORS: Amounts falling due after more than one year (Continued)

LOAN MATURITY ANALYSIS

Loans falling due in more than 1 year are repayable thus:-

	2003 £	2002 £
In more than one year but less than two years:		
Bank loans	64,685	61,361
Other loans	-	4,634
Hire purchase contracts	<u>12,592</u>	<u>-</u>
	<u>£ 77,277</u>	<u>£ 65,995</u>
In more than two years but less than five years:		
Bank loans	220,605	207,117
Hire purchase contracts	<u>5,770</u>	<u>-</u>
	<u>£ 226,375</u>	<u>£ 207,117</u>
In more than five years:		
Bank loans	<u>£ 630,865</u>	<u>£ 708,694</u>

Bank loans are made up of: -

- A commercial mortgage, accruing interest at 2.25% over the base rate and repayable by monthly instalments terminating in August 2012;
- A commercial mortgage accruing interest at 2.25% over the base rate and repayable by one bullet instalment in August 2012;
- A bank loan taken to assist the management buy-out of the company, accruing interest at 2.75% over the base rate and repayable by monthly instalments terminating in August 2012.

All bank loans are with the National Westminster Bank and are subject to the following securities:-

- Fixed and floating charge over the assets of the company and its parent;
- First legal charges over the company's freehold property and endowment policy.

NET OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2003 £	2002 £
Repayable within one year	14,006	12,314
Repayable between one and five years	<u>20,682</u>	<u>-</u>
	34,688	12,314
Finance charges and interest allocated to future accounting years	<u>(3,734)</u>	<u>(1,325)</u>
	30,954	10,989
Included liabilities falling due within one year	(12,592)	(10,989)
Included liabilities falling due between one and five years	<u>(18,362)</u>	<u>-</u>
	<u>£ -</u>	<u>£ -</u>

REGISTERED

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003

16. PENSION COSTS

The company operates a defined contributions 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 £46,469 (2002: £34,152).

17. SHARE CAPITAL

	2003 £	2002 £
Authorised:		
500,000 ordinary shares of £1 each	<u>£ 500,000</u>	<u>£ 500,000</u>
Allotted, called up and fully paid:		
198,000 ordinary shares of £1 each	<u>£ 198,000</u>	<u>£ 198,000</u>

18. STATEMENT OF MOVEMENTS ON RESERVES

	Profit and Loss Account £	Revaluation Reserve £	Total £
Balance at 1 October 2002	831,542	110,230	941,772
Retained loss for the year	(17,228)	-	(17,228)
Transfer from revaluation reserve to profit and loss account	<u>2,440</u>	<u>(2,440)</u>	<u>-</u>
Balance at 30 September 2003	<u>£ 816,754</u>	<u>£ 107,790</u>	<u>£ 924,544</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
(Loss)/profit for the financial year	<u>(17,228)</u>	129,503
Opening shareholders' funds	<u>1,139,772</u>	<u>1,010,269</u>
CLOSING SHAREHOLDERS' FUNDS	<u>£ 1,122,544</u>	<u>£ 1,139,772</u>

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003

20. 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.

The company is subject to a cross guarantee with Eton Travel Holdings Limited in respect of all borrowings with the National Westminster Bank.

21. FINANCIAL COMMITMENTS

At 30 September 2003 the company had annual commitments in respect of non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Within one year	-	-	6,556	1,244
Between two and five years	<u>26,250</u>	<u>26,250</u>	<u>23,065</u>	<u>31,211</u>
	<u>£ 26,250</u>	<u>£ 26,250</u>	<u>£ 29,621</u>	<u>£ 32,455</u>

22. ULTIMATE PARENT UNDERTAKING

Eton Travel Holdings Limited is regarded as the Ultimate parent undertaking.

Transactions with Eton Travel Holdings Limited have not been disclosed by virtue of the fact that the company's results are consolidated with group accounts produced by the parent.

23. RELATED PARTIES

Mr J C Butler was a related party of Eton Travel Agency Limited by virtue of his shareholding during the year. He 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 £958 (2002: £2,507). At the year end there were no amounts due to Eton T-Shirt Co (2002: £Nil).

Mr J C Butler also paid £1,200 during the year in order to purchase a motor vehicle from the company.

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2003

24. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	120,623	258,409
Depreciation of tangible assets	81,791	82,711
(Increase)/decrease in debtors	(265,429)	170,910
Increase/(decrease) in creditors within one year	45,686	(32,558)
Profit on disposal of fixed assets	(1,200)	-
Net cash (outflow)/inflow from operating activities	£ (18,529)	£ 479,472

25. ANALYSIS OF NET DEBT

	2002 £	Cash flow £	Non cash transactions £	2003 £
Cash at bank and in hand	638,642	(306,045)	-	332,597
Liquid resources:				
Short-term investments	3,098	-	-	3,098
Hire purchase agreements	(10,989)	18,420	(38,385)	(30,954)
Debts falling due within one year	(84,207)	18,863	-	(65,344)
Debts falling due after one year	(981,176)	65,021	-	(916,155)
	(1,076,372)	102,304	(38,385)	(1,012,453)
Net debt	£ (434,632)	£ (203,741)	£ (38,385)	£ (676,758)

26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003 £	2002 £
(Decrease)/increase in cash in the year	(306,045)	259,036
Cash outflow from decrease in debt and lease financing	102,304	108,809
Change in net debt resulting from cash flows	(203,741)	367,845
New hire purchase agreements	(38,385)	-
Movement in debt in the year	(242,126)	367,845
Opening net debt	(434,632)	(802,477)
Closing net debt	£ (676,758)	£ (434,632)