

ETON TRAVEL AGENCY LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004



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REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004**

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ETON TRAVEL AGENCY LIMITED
COMPANY INFORMATION

REGISTRARS COPY

DIRECTORS: K J 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 LLP
Kennet House
80 Kings Road
Reading
Berkshire
RG1 3BL

ETON TRAVEL AGENCY LIMITED
DIRECTORS' REPORT

REGISTRARS COPY

The directors present their report and financial statements for the year ended 30 September 2004.

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 £50,138 (2003: £46,511), after tax and dividend paid of £24,000 (2003: £51,000) the transfer to reserves was £13,836 (2003: the transfer from reserves was £17,228).

The dividend payment was made to Eton Travel Holdings Limited, for the buy back of 12,000 of its own shares in April 2004.

The directors are satisfied with the result achieved for the year. The prospects for the coming year is looking very encouraging with new business having been acquired, which should result in further growth and profitability for the company.

CHARITABLE DONATIONS

During the year the company made donations totalling £539 (2003: £2,200).

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

Following the transfer of substantially all of the business of Horwath Clark Whitehill to a limited liability partnership on 1 April 2004, Horwath Clark Whitehill resigned and the directors appointed their successor, Horwath Clark Whitehill LLP, as auditors.

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

Approved by the Board on
and signed on its behalf by



C K KLINKER
DIRECTOR

17/12/04

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 2004 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 2004 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

17 October 2004

Horwath Clark Whitehill LLP

HORWATH CLARK WHITEHILL LLP
Chartered Accountants and
Registered Auditors

ETON TRAVEL AGENCY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2004

REGISTRARS COPY

	Note	2004 £	Restated 2003 £
GROSS SALES	2	<u>23,347,342</u>	<u>20,198,285</u>
Turnover		3,581,957	3,838,790
Cost of sales		<u>1,419,040</u>	<u>1,794,804</u>
GROSS PROFIT		2,162,917	2,043,986
Distribution costs		(71,799)	(70,039)
Administrative expenses		<u>(1,972,950)</u>	<u>(1,853,324)</u>
OPERATING PROFIT	3	118,168	120,623
Investment income	6	150	750
Other interest receivable and similar income		14,404	15,897
Interest payable and similar charges	7	<u>(82,584)</u>	<u>(90,759)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		50,138	46,511
Tax on profit on ordinary activities	8	<u>(12,302)</u>	<u>(12,739)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		37,836	33,772
Dividends paid		<u>(24,000)</u>	<u>(51,000)</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	18	<u>£ 13,836</u>	<u>£ (17,228)</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 2004

	2004 £	2003 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	50,139	46,511
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>£ 52,579</u>	<u>£ 48,951</u>
HISTORICAL COST PROFIT FOR THE YEAR RETAINED AFTER TAXATION	<u>£ 40,277</u>	<u>£ 36,212</u>

ETON TRAVEL AGENCY LIMITED
BALANCE SHEET
30 SEPTEMBER 2004

REGISTRARS COPY

	Notes	£	2004 £	2003 £
FIXED ASSETS				
Tangible assets	9		1,038,047	1,061,867
Investments	10		<u>140,220</u>	<u>132,246</u>
			1,178,267	1,194,113
CURRENT ASSETS				
Stocks	11	10,000		5,000
Debtors	12	1,771,227		1,944,145
Investments	13	3,098		3,098
Cash at bank and in hand		<u>644,819</u>		<u>332,597</u>
		2,429,144		2,284,840
CREDITORS: Amounts falling due within one year	14	<u>(1,601,656)</u>		<u>(1,421,892)</u>
NET CURRENT ASSETS			<u>827,488</u>	<u>862,948</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,005,755	2,057,061
CREDITORS: Amounts falling due after more than one year	15		<u>(869,375)</u>	<u>(934,517)</u>
NET ASSETS			<u>£ 1,136,380</u>	<u>£ 1,122,544</u>
CAPITAL AND RESERVES				
Called up share capital	17		198,000	198,000
Revaluation reserve	18		105,350	107,790
Profit and loss account	18		<u>833,030</u>	<u>816,754</u>
SHAREHOLDERS' FUNDS	19		<u>£ 1,136,380</u>	<u>£ 1,122,544</u>

Approved by the board on
and signed on its behalf by:

.....*C K Klinker*.....

C K KLINKER
DIRECTOR

.....*K J Thompson*.....

K J THOMPSON
DIRECTOR

The notes on pages 10 to 19 form part of these financial statements

ETON TRAVEL AGENCY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2004

	Notes	2004 £	2003 £
CASH FLOW STATEMENT			
Net cash inflow/(outflow) from operating activities	24	523,300	(18,529)
Returns on investments and servicing of finance			
Interest received		14,404	15,897
Interest paid		(82,584)	(90,759)
Dividends received		<u>150</u>	<u>750</u>
Net cash outflow for returns on investments and servicing of finance		(68,030)	(74,112)
Taxation			
Corporation tax paid		<u>(12,902)</u>	<u>(45,639)</u>
		(12,902)	(45,639)
Capital expenditure and financial investment			
Proceeds from sale of tangible fixed assets		-	1,200
Payments to acquire tangible fixed assets		(19,268)	(7,686)
Payments to acquire investments		<u>(7,974)</u>	<u>(7,975)</u>
Net cash outflow for capital expenditure		(27,242)	(14,461)
Equity dividends paid			
Dividends paid		<u>(24,000)</u>	<u>(51,000)</u>
Net cash inflow/(outflow) before management of liquid resources and financing		391,126	(203,741)
FINANCING			
Repayment of bank loans		(58,676)	(56,676)
Repayment of other loans		(4,634)	(27,208)
Capital element of hire purchase contracts		<u>(15,594)</u>	<u>(18,420)</u>
Net cash outflow from financing		<u>(78,904)</u>	<u>(102,304)</u>
INCREASE/(DECREASE) IN CASH IN THE YEAR	26	<u>£ 312,222</u>	<u>£ (306,045)</u>

The notes on pages 10 to 19 form part of these financial statements

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2004

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

Following the introduction of FRS 5 Application Note G in December 2004, the company has reconsidered its definition of turnover.

Turnover consists of the margin in air tickets, hotel reservations and other travel services. Service fees charged to customers is also included within turnover.

Gross sales represents the gross income in respect of travel arrangements made for customers during the period and is disclosed on the profit and loss account as it reflects the gross cash flows of the company. This was disclosed as turnover prior to the introduction of FRS 5 Application Note G.

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.

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2004

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

	2004 £	2003 £
Operating profit is stated after charging:		
Depreciation of tangible assets - on owned assets	49,514	79,434
- on leased assets	9,847	2,357
Operating lease rentals - plant and machinery	29,507	34,422
- land and buildings	26,250	26,250
Auditors' remuneration - audit	11,100	10,800
- other services	<u>2,450</u>	<u>3,493</u>

4. EMPLOYEES

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

	2004 No.	2003 No.
Directors	3	3
Administration	12	12
Travel operatives	38	38
Drivers and cleaners	<u>4</u>	<u>5</u>
	<u>57</u>	<u>58</u>

EMPLOYMENT COSTS

	£	£
Wages and salaries	1,331,375	1,220,909
Social security costs	131,091	116,914
Other pension costs	<u>26,907</u>	<u>51,182</u>
	<u>£ 1,489,373</u>	<u>£ 1,389,005</u>

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2004

5. DIRECTORS EMOLUMENTS

	2004 £	2003 £
Emoluments for qualifying services	205,669	200,680
Company pension contributions to money purchase schemes	<u>2,959</u>	<u>2,868</u>
	<u>£ 208,628</u>	<u>£ 203,548</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2003: 3).

In respect of the highest paid director their aggregate remuneration totalled £82,479 (2003: £81,652) and company pension contributions to the money purchase scheme amounted to £659 (2003: £619).

6. INVESTMENT INCOME

	2004 £	2003 £
Income from fixed asset investments	<u>£ 150</u>	<u>£ 750</u>

7. INTEREST PAYABLE

	2004 £	2003 £
Bank and commercial loans	80,634	88,926
Hire purchase contracts	<u>1,950</u>	<u>1,833</u>
	<u>£ 82,584</u>	<u>£ 90,759</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) The taxation charge comprises:-

	2004 £	2003 £
Current tax:		
UK corporation tax at 19% (2003: 19%)	12,500	13,100
Overprovision from previous years	<u>(198)</u>	<u>(361)</u>
Total current tax (note 8b)	<u>£ 12,302</u>	<u>£ 12,739</u>

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2004

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**b) Reconciliation of current tax charge**

Profit on ordinary activities before tax	<u>£ 50,138</u>	<u>£ 46,511</u>
Profit on ordinary activities multiplied by marginal rate of corporation tax in the UK of 19% (2003: 19%)	9,526	8,837
Effects of:		
Expenses not deductible for tax purposes	353	393
Depreciation on non-qualifying assets	3,028	3,028
Deferred tax not provided on current year timing differences	(566)	787
Over provision in prior years	(198)	(361)
Contingency	<u>159</u>	<u>55</u>
	<u>£ 12,302</u>	<u>£ 12,739</u>

9. TANGIBLE FIXED ASSETS

	Land & buildings Freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
COST				
At 1 October 2003	1,221,872	440,238	33,641	1,695,751
Additions	-	22,041	13,500	35,541
Disposals	<u>-</u>	<u>-</u>	<u>(16,550)</u>	<u>(16,550)</u>
At 30 September 2004	<u>1,221,872</u>	<u>462,279</u>	<u>30,591</u>	<u>1,714,742</u>
DEPRECIATION				
At 1 October 2003	242,640	371,175	20,069	633,884
Charge for the year	15,937	37,183	6,241	59,361
Disposals	<u>-</u>	<u>-</u>	<u>(16,550)</u>	<u>(16,550)</u>
At 30 September 2004	<u>258,577</u>	<u>408,358</u>	<u>9,760</u>	<u>676,695</u>
NET BOOK VALUES				
At 30 September 2004	<u>£ 963,295</u>	<u>£ 53,921</u>	<u>£ 20,831</u>	<u>£1,038,047</u>
At 30 September 2003	<u>£ 979,232</u>	<u>£ 69,063</u>	<u>£ 13,572</u>	<u>£1,061,867</u>

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2004

9. TANGIBLE FIXED ASSETS (Continued)

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

	£
COST	
At 1 October 2003 and 30 September 2004	<u>1,074,872</u>
DEPRECIATION BASED ON COST	
At 1 October 2003	205,430
Charge for the year	<u>13,497</u>
At 30 September 2004	<u>218,927</u>
NET BOOK VALUES	
At 30 September 2004	<u>£ 855,945</u>
<i>At 30 September 2003</i>	<u><i>£ 869,442</i></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 2004	<u>£ 21,126</u>	<u>£ 21,328</u>	<u>£ 42,454</u>
DEPRECIATION CHARGE FOR THE YEAR			
At 30 September 2004	<u>£ 4,495</u>	<u>£ 5,352</u>	<u>£ 9,847</u>

10. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 October 2003	132,246
Additions	<u>7,974</u>
At 30 September 2004	<u>£ 140,220</u>

The market value of investments at 30 September 2004 is £150,547 (2003: £132,533).

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2004

11. STOCKS

	2004 £	2003 £
Finished goods and goods for resale	<u>£ 10,000</u>	<u>£ 5,000</u>

12. DEBTORS

	2004 £	2003 £
Trade debtors	1,211,553	1,424,381
Amounts owed by group undertakings	390,000	390,000
Other debtors	122,837	85,637
Prepayments and accrued income	<u>46,837</u>	<u>44,127</u>
	<u>£ 1,771,227</u>	<u>£ 1,944,145</u>

13. CURRENT ASSET INVESTMENTS

	2004 £	2003 £
Listed investments	<u>£ 3,098</u>	<u>3,098</u>

14. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Bank loans	62,152	60,710
Other loans	-	4,634
Net obligations under hire purchase contracts	18,295	12,592
Trade creditors	1,389,809	1,234,539
Corporation tax	12,500	13,100
Other taxes and social security costs	55,230	51,809
Other creditors	40,759	31,436
Accruals and deferred income	<u>22,911</u>	<u>13,072</u>
	<u>£ 1,601,656</u>	<u>£ 1,421,892</u>

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

	2004 £	2003 £
Bank loans	856,037	916,155
Net obligations under hire purchase contracts	<u>13,338</u>	<u>18,362</u>
	<u>£ 869,375</u>	<u>£ 934,517</u>

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2004

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:-

	2004 £	2003 £
In more than one year but less than two years:		
Bank loans	66,502	64,685
Hire purchase contracts	<u>10,780</u>	<u>12,592</u>
	<u>£ 77,282</u>	<u>£ 77,277</u>
In more than two years but less than five years:		
Bank loans	228,765	220,605
Hire purchase contracts	<u>2,558</u>	<u>5,770</u>
	<u>£ 231,323</u>	<u>£ 226,375</u>
In more than five years:		
Bank loans	<u>£ 560,770</u>	<u>£ 630,865</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

	2004 £	2003 £
Repayable within one year	20,398	14,006
Repayable between one and five years	<u>15,142</u>	<u>20,682</u>
	35,540	34,688
Finance charges and interest allocated to future accounting years	<u>(3,907)</u>	<u>(3,734)</u>
	31,633	30,954
Included liabilities falling due within one year	(18,295)	(12,592)
Included liabilities falling due between one and five years	<u>(13,338)</u>	<u>(18,362)</u>
	<u>£ -</u>	<u>£ -</u>

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2004

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 £26,907 (2003: £51,182).

17. SHARE CAPITAL

	2004 £	2003 £
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 2003	816,754	107,790	924,544
Retained profit for the year	13,836	-	13,836
Transfer from revaluation reserve to profit and loss account	<u>2,440</u>	<u>(2,440)</u>	<u>-</u>
Balance at 30 September 2004	<u>£ 833,030</u>	<u>£ 105,350</u>	<u>£ 938,380</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit/(loss) for the financial year	13,836	(17,228)
Opening shareholders' funds	<u>1,122,544</u>	<u>1,139,772</u>
CLOSING SHAREHOLDERS' FUNDS	<u>£ 1,136,380</u>	<u>£ 1,122,544</u>

ETON TRAVEL AGENCY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2004

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 2004 the company had annual commitments in respect of non-cancellable operating leases as follows:

	Land and buildings		Other	
	2004	2003	2004	2003
	£	£	£	£
Expiry date:				
Within one year	-	-	5,411	6,556
Between one and five years	<u>26,250</u>	<u>26,250</u>	<u>6,240</u>	<u>23,065</u>
	<u>£ 26,250</u>	<u>£ 26,250</u>	<u>£ 11,651</u>	<u>£ 29,621</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 £996 (2003: £958). At the year end there was £106 (2003: £Nil) due to Eton T-Shirt Co.

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

	2004 £	2003 £
Operating profit	118,168	120,623
Depreciation of tangible assets	59,361	81,791
Increase in stock	(5,000)	-
Decrease/(increase) in debtors	172,918	(265,429)
Increase in creditors within one year	177,853	45,686
Profit on disposal of fixed assets	-	(1,200)
Net cash inflow/(outflow) from operating activities	<u>£ 523,300</u>	<u>£ (18,529)</u>

25. ANALYSIS OF NET DEBT

	2003 £	Cash flow £	Non cash transactions £	2004 £
Cash at bank and in hand	<u>332,597</u>	<u>312,222</u>	-	<u>644,819</u>
Liquid resources:				
Short-term investments	<u>3,098</u>	-	-	<u>3,098</u>
Hire purchase agreements	(30,954)	15,594	(16,273)	(31,633)
Debts falling due within one year	(65,344)	3,192	-	(62,152)
Debts falling due after one year	<u>(916,155)</u>	<u>60,118</u>	-	<u>(856,037)</u>
	<u>(1,012,453)</u>	<u>78,904</u>	(16,273)	<u>(949,822)</u>
Net debt	<u>£ (676,758)</u>	<u>£ 391,126</u>	<u>£ (16,273)</u>	<u>£ (301,905)</u>

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

	2004 £	2003 £
Increase/(decrease) in cash in the year	312,222	(306,045)
Cash outflow from decrease in debt and lease financing	<u>78,904</u>	<u>102,304</u>
Change in net funds/(debt) resulting from cash flows	391,126	(203,741)
New hire purchase agreements	<u>(16,273)</u>	<u>(38,385)</u>
Movement in funds/(debt) in the year	374,853	(242,126)
Opening net debt	<u>(676,758)</u>	<u>(434,632)</u>
Closing net debt	<u>£ (301,905)</u>	<u>£ (676,758)</u>