

446617

CIT (England) Limited

Report and Accounts

31 December 1994



CIT (England) Limited

Registered No. 446617

DIRECTORS

Mr S G Rhodes

Mr F Lucchino

SECRETARY

Mr S G Rhodes

AUDITORS

Ernst & Young

Rolls House

7 Rolls Buildings

Fetter Lane

London EC4A 1NH

BANKERS

Banco Commerciale Italiana

42 Gresham Street

London EC2V 7LA

Midland Bank plc

12 Sydenham Road

Croydon

Surrey CR9 2HG

SOLICITORS

Davenport Lyons

1 Old Burlington Street

London W1X 1LA

REGISTERED OFFICE

Marco Polo House

3-5 Lansdowne Road

Croydon CR9 1LL

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1994.

RESULTS FOR THE YEAR

The results for the year are shown in the attached profit and loss account. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company is that of a tour operator.

The directors are pleased to report a pre-tax profit of £572,298.

The directors expect the company to remain profitable in 1995, and to remain as the leading UK specialist tour operator to Italy.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

Mr S G Rhodes (appointed 28 April 1994)

Mr J A Le Masurier (resigned 30 June 1994)

Mr F Lucchino

No director of the company has, or has had during the year, any interest in any transactions which were unusual in their nature or were significant to the business of the company.

FIXED ASSETS

Details of the movements in fixed assets are given in note 6 to the accounts.

SUBORDINATED LOAN

Details of movements in the subordinated loan are given in note 14 to the accounts.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



Mr S G Rhodes
Secretary

4 April 1995

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume 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 accounts 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 and other irregularities.

REPORT OF THE AUDITORS
to the members of CIT (England) Limited

We have audited the accounts on pages 5 to 15, which have been prepared under the historical cost convention, as modified by the revaluation of freehold land and buildings, and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

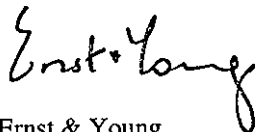
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London
4 April 1995

CIT (England) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1994

	<i>Notes</i>	<i>1994</i> £	<i>1993</i> £
TURNOVER		14,643,371	12,348,585
Cost of sales	2	12,326,344	10,348,459
GROSS PROFIT		2,317,027	2,000,126
Administrative expenses	3(a)	(2,243,117)	(1,858,942)
Other operating income	3(b)	208,668	163,257
Income from fixed assets		195,000	195,000
Interest receivable		113,585	94,499
Interest payable		(19,042)	(17,098)
Disposal of fixed assets		177	32,622
		(1,744,729)	(1,390,662)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		572,298	609,464
Tax on profit on ordinary activities	5	(25,700)	(103,000)
PROFIT FOR THE FINANCIAL YEAR	15	546,598	506,464

There are no other recognised gains or losses other than the profit attributable to shareholders of the company of £546,598 in the year ended 31 December 1994 and of a profit of £506,464, in the year ended 31 December 1993.

CIT (England) Limited

BALANCE SHEET

at 31 December 1994

	Notes	1994 £	1993 £
FIXED ASSETS			
Tangible assets	6	2,174,586	2,268,258
Investments	7	20,000	20,000
		<u>2,194,586</u>	<u>2,288,258</u>
CURRENT ASSETS			
Debtors and prepayments	8	486,660	288,761
Amounts owed by group companies		2,796	245,396
Cash at bank and in hand		511,547	1,578,525
		<u>1,001,003</u>	<u>2,112,682</u>
CREDITORS: amounts falling due within one year			
Bank		55,784	1,210,599
Creditors and accruals	9	1,177,937	1,633,691
Amount owed to group companies		617,661	219,041
		<u>(850,379)</u>	<u>(950,649)</u>
NET CURRENT LIABILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,344,207</u>	<u>1,337,609</u>
CREDITORS: amounts falling due after more than one year			
Subordinated loan	14	(175,000)	(702,000)
PROVISIONS FOR LIABILITIES AND CHARGES	11	(27,750)	(40,750)
		<u>1,141,457</u>	<u>594,859</u>
SHARE CAPITAL AND RESERVES			
Called up share capital	12	3,760,000	3,760,000
Profit and loss account		(3,894,148)	(4,479,746)
Revaluation reserve	13	1,275,605	1,314,605
	15	<u>1,141,457</u>	<u>594,859</u>



S G Rhodes

Director

4 April 1995

CIT (England) Limited

STATEMENT OF CASH FLOWS

for the year ended 31 December 1994

	<i>Notes</i>	<i>1994</i> £	<i>1993</i> £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	3(c)	108,087	(2,276)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(19,042)	(17,098)
Interest received		113,585	94,946
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		94,543	77,848
TAXATION			
UK corporation tax paid		(64,350)	—
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(60,243)	(2,150)
Proceeds from sale of fixed assets		9,800	32,971
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(50,443)	30,821
NET CASH INFLOW BEFORE FINANCING		87,837	106,393
FINANCING			
Issue of subordinated loan	14	—	175,000
NET CASH INFLOW FROM FINANCING		—	175,000
INCREASE IN CASH AND CASH EQUIVALENTS	10	87,837	281,393

CIT (England) Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

1. ACCOUNTING POLICIES

Going concern

The accounts have been prepared on a going concern basis as the parent company has confirmed that continued financial support will be provided in order that future obligations can be met as they fall due.

Presentation of financial information

Financial Reporting Standard 4 'Capital instruments' has been adopted, and consequently the subordinated loan has been reclassified within "Creditors falling due after more than one year" and corresponding amounts have been restated.

Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and plant. The accounts have been prepared in accordance with applicable Accounting Standards.

Turnover

Turnover, which relates to continuing activities only, represents total invoiced sales in the United Kingdom, excluding VAT, in respect of tours and travel services for which the company acts as principal.

Fixed assets

Freehold land is stated at revalued amount and is not depreciated.

Buildings are stated at revalued amount less accumulated depreciation.

The freehold land and buildings were valued at their open market value for existing use on 31 December 1992.

Other fixed assets are stated at cost less accumulated depreciation. Cost includes professional fees which are written off over 2 years.

Depreciation is provided to write off the cost of fixed assets in equal annual instalments over their estimated useful lives. The rates are used as follows:

Freehold buildings	—	4%
Office equipment	—	20%
Motor vehicles	—	20%
Computers	—	33 $\frac{1}{3}$ %

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Foreign currencies

Transactions in foreign currencies are translated at the rate ruling on the date of the transaction or the contracted rate if the transaction is covered by a forward exchange contract.

Monetary assets and liabilities denominated in a foreign currency are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate.

CIT (England) Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

1. ACCOUNTING POLICIES (continued)

Pensions

The company contributes to a defined contributions pension scheme. Contributions are charged to the accounting period in which they fall due.

Leasing

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

2. COST OF SALES

Cost of sales comprises hotel costs, flight costs, transfer costs, travel agent's commission and VAT on margin. VAT on margin charged to cost of sales for the year ended 31 December 1994 amounted to £358,027 (1993 - £333,347).

3. PROFIT AND LOSS ACCOUNT DETAILS

(a) Administrative expenses include:

	1994 £	1993 £
Wages and salaries	789,671	696,229
Social security costs	72,109	72,901
Other pension costs	49,733	53,844
Depreciation	144,292	164,343
Operating lease rentals of plant and machinery	101,184	101,184
Auditors' remuneration - audit services	9,000	15,000
- non audit services	5,000	8,785
Profit on retranslation of foreign currency monetary assets and liabilities	(48,394)	(72,659)

The average number of employees of the company during the year was 31 (1993 - 31).

(b) Other operating income

	1994 £	1993 £
Other operating income comprises:		
Commissions received and receivable	134,742	132,381
Regional Tourist Board subsidies	73,926	30,876
	<u>208,668</u>	<u>163,257</u>

CIT (England) Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

3. PROFIT AND LOSS ACCOUNT DETAILS (continued)

(c) Reconciliation of operating profit to net cash outflow from operating activities

	1994 £	1993 £
Profit on ordinary activities	572,298	609,464
Interest receivable	(113,585)	(94,499)
Interest payable	19,042	17,098
Operating profit	477,755	532,063
Depreciation	144,292	164,343
Profit on disposal of fixed assets	(177)	(32,622)
Decrease/(increase) in debtors	44,701	(186,474)
Decrease in creditors	(545,484)	(470,086)
Decrease in provisions	(13,000)	(9,500)
Net cash inflow/(outflow) from operating activities	108,087	(2,276)

4. DIRECTORS' REMUNERATION

	1994 £	1993 £
Other emoluments (including pension contributions)	154,130	145,072
Compensation to Chairman for loss of office (including pension contributions)	86,848	-
	240,978	145,072
Chairman (excluding pension contributions) (1994 - period to date of resignation; 1993 - full year)	31,193	120,227
Highest paid director (excluding pension contributions)	106,962	120,227

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1994 No.	1993 No.
£nil - £5,000	1	1
£30,001 - £35,000	1	-
£105,001 - £110,000	1	-
£120,001 - £125,000	-	1

CIT (England) Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1994 £	1993 £
Corporation tax at 33% (1993 – 33%)	64,350	103,000
Corporation tax overprovided in previous years	(38,650)	–
	<u>25,700</u>	<u>103,000</u>

There are tax losses carried forward available for offset against future profits of approximately £5,000,000.

6. FIXED ASSETS

	<i>Freehold land and buildings</i> £	<i>Office equipment and motor vehicles</i> £	<i>Total</i> £
Cost or valuation			
At 1 January 1994	2,300,000	589,330	2,889,330
Additions	–	60,243	60,243
Disposals	–	(44,200)	(44,200)
At 31 December 1994	<u>2,300,000</u>	<u>605,373</u>	<u>2,905,373</u>
Depreciation			
At 1 January 1994	120,112	500,960	621,072
Charge for the year	71,800	72,492	144,292
Disposals	–	(34,577)	(34,577)
At 31 December 1994	<u>191,912</u>	<u>538,875</u>	<u>730,787</u>
Net book amount			
At 31 December 1994	<u>2,108,088</u>	<u>66,498</u>	<u>2,174,586</u>
Net book amount			
At 1 January 1994	<u>2,179,888</u>	<u>88,370</u>	<u>2,268,258</u>

The company's tangible fixed assets stated at revalued amounts would have been included on an historical cost basis at:

	<i>Freehold land 31 December 1994 and 1993</i> £	<i>Buildings 31 December</i> 1994 £	1993 £
Cost	400,000	1,541,476	1,541,476
Depreciation	–	1,174,613	1,112,950
Net book value	<u>400,000</u>	<u>366,863</u>	<u>428,526</u>

CIT (England) Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

7. INVESTMENT IN SUBSIDIARY COMPANY

The company owns the whole of the issued share capital of CIT (Holidays) Limited, a dormant company which is registered in England.

The investment comprises:

	1994 £	1993 £
20,000 ordinary shares of £1 each	20,000	20,000

8. DEBTORS AND PREPAYMENTS

	1994 £	1993 £
Trade debtors	30,775	17,798
Prepayments	319,052	210,263
Suppliers contracted in advance	49,939	41,491
Other debtors and advances	86,894	19,209
	486,660	288,761

9. CREDITORS AND ACCRUALS

	1994 £	1993 £
Trade creditors	156,031	559,037
Cash received in advance	303,558	182,165
Other creditors and accruals	643,924	701,971
Taxes and social security costs	10,074	87,518
Current corporation tax	64,350	103,000
	1,177,937	1,633,691

10. CASH AND CASH EQUIVALENTS

	1994 £	1993 £
Cash at bank and in hand and overdraft		
At 1 January	367,926	86,533
Net cash inflow	87,837	281,393
At 31 December	455,763	367,926

CIT (England) Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

11. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for renovation and maintenance:

	1994 £	1993 £
At 1 January	40,750	50,250
Applied	(13,000)	(9,500)
At 31 December	<u>27,750</u>	<u>40,750</u>

12. SHARE CAPITAL

	1994 £	1993 £
Authorised, issued and fully paid 3,760,000 ordinary shares of £1 each	<u>3,760,000</u>	<u>3,760,000</u>

13. OTHER RESERVES

	Revaluation reserves £
Balance at 1 January 1993	1,314,605
Transfer to distributable reserves	(39,000)
Balance at 31 December 1994	<u>1,275,605</u>

14. SUBORDINATED LOAN

Subordinated loan from parent company

	1994 £	1993 £
At 1 January	702,000	527,000
Movements during the year	(527,000)	175,000
At 31 December	<u>175,000</u>	<u>702,000</u>

During the year, £527,000 of the subordinated loan was discharged by the relevant creditor. The subordinated loan has been converted to an interest-free loan from the parent company, and as such has been included within "Amounts owed to group companies".

CIT (England) Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Revaluation reserve</i> £	<i>Total</i> £
At 1 January 1993	3,760,000	(5,057,210)	1,385,605	88,395
Profit for the year	—	506,464	—	506,464
Transfer	—	71,000	(71,000)	—
At 1 January 1994	3,760,000	(4,479,746)	1,314,605	594,859
Profit for the year	—	546,598	—	546,598
Transfer	—	39,000	(39,000)	—
At 31 December 1994	3,760,000	(3,894,148)	1,275,605	1,141,457

16. COMMITMENTS AND CONTINGENT LIABILITIES

	<i>1994</i> £	<i>1993</i> £
Contracted		
Foreign currency purchases	6,063,079	4,871,856
Hotel costs	238,434	201,583
	<u>6,301,513</u>	<u>5,073,439</u>

17. OTHER FINANCIAL COMMITMENTS

At 31 December 1994 the company had annual commitments under non-cancellable operating leases for plant and machinery as set out below:

	<i>1994</i> £	<i>1993</i> £
Operating leases which expire:		
Within one year	46,818	—
Within two to five years	7,548	101,184
	<u>54,366</u>	<u>101,184</u>

18. PENSION SCHEME

The company operates a defined contribution pension scheme for certain of its employees. The assets of the scheme are held separately from those of the company by an independent professional company.

The pension costs' charge represents contributions payable by the company to the fund.

19. HOLDING COMPANY

The immediate holding company is CIT S.p.A. and the directors regard its ultimate holding company as Ferrovie Italiane dello Stato (Italian State Railways), both of which are incorporated in Italy.

Copies of the accounts of CIT S.p.A. for the year ended 31 December 1994 will be available from:

CIT S.p.A
Via Barberini, 86
00187 Rome
Italy