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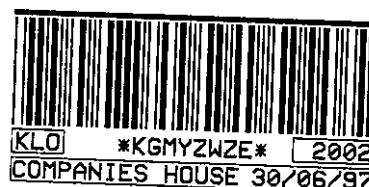
Company Registration No. 932343

**PLATINUM TRAVEL INTERNATIONAL
LIMITED**

Report and Financial Statements

31 December 1996

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**





REPORT AND FINANCIAL STATEMENTS 1996

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**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 1996, which show the state of the affairs of the company.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The company's principal activity during the year was that of travel agents.

The directors remain optimistic about the company's future prospects.

RESULTS AND DIVIDENDS

The company made a profit before taxation of £15,472 for the year (1995 - £7,147). The directors do not recommend the payment of a dividend (1995 - £nil). The retained profit for the financial year is £15,472 (1995 - £7,147).

DIRECTORS

The directors who served during the year were as follows:

A J Taylor
E Strom
M D Miller

None of the directors had any beneficial interests in the share capital of the company during the year.

Messrs A J Taylor and M D Miller are directors of the ultimate parent company, The Sanctuary Group plc. Details of their shareholdings in that company are disclosed in its annual report.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

M D Miller

Director

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. 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;
- prepare the financial statements on a 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 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 and other irregularities.



Chartered Accountants

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

Telephone: National 0171 936 3000
International + 44 171 936 3000
Telex: 884739 TRLNDN G
Fax (Gp. 3): 0171 583 8517
LDE: DX 599

AUDITORS' REPORT TO THE MEMBERS OF

PLATINUM TRAVEL INTERNATIONAL LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are 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 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.

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 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

30 June 1997


PROFIT AND LOSS ACCOUNT
Year ended 31 December 1996

	Note	1996 £	1995 £
TURNOVER - continuing operations	2	3,668,092	3,184,655
Cost of sales		(3,373,986)	(2,939,847)
Gross profit		294,106	244,808
Administrative expenses		(265,435)	(222,361)
Interest payable and similar charges	3	(13,199)	(15,300)
OPERATING PROFIT - continuing operations	4	15,472	7,147
Tax on profit on ordinary activities	7	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		15,472	7,147
Retained profit transferred to reserves	12	15,472	7,147

There are no recognised gains or losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

There has been no movement in shareholders' funds other than the profit for this and the preceding financial year.


**BALANCE SHEET
31 December 1996**

	Note	£	1996 £	£	1995 £
FIXED ASSETS					
Tangible assets	8		17,057		23,163
CURRENT ASSETS					
Debtors	9	376,656		365,189	
Cash at bank and in hand		11,274		11,555	
		<u>387,930</u>		<u>376,744</u>	
CREDITORS: amounts falling due within one year	10	<u>381,763</u>		<u>(392,155)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>6,167</u>		<u>(15,411)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,224</u>		<u>7,752</u>
CAPITAL AND RESERVES					
Called up share capital	11		20,000		20,000
Profit and loss account	12		3,224		(12,248)
			<u>23,224</u>		<u>7,752</u>
Equity Shareholders' funds			12,224		(3,248)
Non Equity Shareholders' funds			11,000		11,000

These financial statements were approved by the Board of Directors on *30 June 1997*

Signed on behalf of the Board of Directors

M D Miller

Director



NOTES TO THE ACCOUNTS

Year ended 31 December 1996

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention. In the opinion of the directors it is appropriate to prepare the accounts on a going concern basis as the company has the support of its parent company.

Turnover

Turnover represents amounts billed to customers and commissions receivable.

Depreciation

Fixed assets are depreciated on a straight line basis to write off their cost over their estimated useful lives as follows:

Short leasehold improvements	Over the term of the lease
Fixtures and fittings	10% per annum
Computer equipment	20% per annum
Motor vehicles	25% per annum

Deferred taxation

Deferred taxation is provided at anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Translation of foreign currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Pension costs

The company operates a defined contribution scheme and company contributions are charged to the profit and loss account as incurred. The charge for the year is shown in note 5 to the accounts.

Operating leases

Rental costs under operating leases are charged to the profit and loss account as incurred.

2. TURNOVER

The turnover arises from only one class of business and is derived wholly within the United Kingdom.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
Group interest	765	-
Bank interest	12,434	15,300
	<u>13,199</u>	<u>15,300</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
4. OPERATING PROFIT

	1996 £	1995 £
Operating profit is stated after charging:		
Depreciation	8,241	11,981
Auditors' remuneration	3,000	3,250
Operating lease rentals		
- land and building	15,172	30,345

5. STAFF COSTS

	1996 £	1995 £
All employees including executive directors:		
Wages and salaries	106,478	98,783
Social security costs	9,594	9,390
Other pension costs	3,711	4,106
	120,143	112,279

	No.	No.
The average number of persons employed by the company was:		
Sales	4	3
Administration	2	2
	6	5

6. DIRECTORS' REMUNERATION

	1996 £	1995 £
Emoluments	38,462	38,462
Emoluments, excluding pension contributions, of:		
Highest paid director	36,414	36,414
Chairman	-	-

The other directors received no emoluments in either year.


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
7. TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no charge to taxation in the current and preceding year in view of losses to be surrendered to group companies for nil consideration.

8. TANGIBLE FIXED ASSETS

	Short leasehold improve- ments £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost:					
At 1 January 1996	30,959	55,341	26,293	15,883	128,476
Additions	2,135	-	-	-	2,135
At 31 December 1996	33,094	55,341	26,293	15,883	130,611
Depreciation:					
At 1 January 1996	23,190	52,884	22,850	6,389	105,313
Charge for year	4,092	546	1,395	2,208	8,241
At 31 December 1996	27,282	53,430	24,245	8,597	113,554
Net book value:					
At 31 December 1996	5,812	1,911	2,048	7,286	17,057
At 31 December 1995	7,769	2,457	3,443	9,494	23,163

9. DEBTORS

	1996 £	1995 £
Amounts falling due within one year:		
Trade debtors	273,377	266,268
Amounts owed by parent company and fellow subsidiaries	77,253	56,381
Other debtors	9,610	28,792
Prepayments and accrued income	16,416	13,748
	376,656	365,189


NOTES TO THE ACCOUNTS
Year ended 31 December 1996
10. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Bank loans and overdrafts	140,602	125,640
Trade creditors	215,493	249,740
Taxation and social security	5,924	8,397
Accruals and deferred income	19,744	8,378
	<u>381,763</u>	<u>392,155</u>

The bank loans and overdrafts are secured by a fixed and floating charge on the assets of the company.

11. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised, allotted and fully paid:		
6,000 6% redeemable preference shares of £1 each	6,000	6,000
5,000 deferred shares of £1 each	5,000	5,000
20,000 ordinary shares of 10p each	2,000	2,000
7,000 ordinary shares of £1 each	7,000	7,000
	<u>20,000</u>	<u>20,000</u>

The 6% preference shares are entitled to a fixed cumulative dividend of 6% per annum, however the owners of the entire issued preference share capital have irrevocably waived any rights to their fixed cumulative preferential dividend. The preference shares may be redeemed by the company at any future date after giving three months' notice and would be redeemable at par together with a sum equal to the fixed dividend thereon. The preference shares carry full voting rights. Preference shareholders are entitled to repayment of their capital on winding up in preference to the ordinary and deferred shareholders. They are not entitled to participation in any surplus on winding up.

The deferred shares carry no rights to dividends. They carry full voting rights and deferred shareholders are entitled to repayment of their capital on winding up after repayment of preference share capital and ordinary share capital. They are not entitled to participation in any surplus on winding up.

Both classes of ordinary shares carry full rights to dividends and full voting rights. Ordinary shareholders are entitled to participation in a surplus on winding up.

12. PROFIT AND LOSS ACCOUNT

	£
At 1 January 1996	(12,248)
Profit for the year	15,472
	<u>3,224</u>
At 31 December 1996	<u>3,224</u>



NOTES TO THE ACCOUNTS

Year ended 31 December 1996

13. CONTINGENT LIABILITIES

The company, together with certain fellow subsidiaries, has guaranteed a loan made to its immediate parent company, Sanctuary Services Limited. At 31 December 1995 the loan amounted to £909,090.

14. LEASE COMMITMENTS

At the balance sheet date the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings £	Motor vehicles and office equipment £
Operating leases which expire:		
Within two to five years	15,172	1,593
	<u>15,172</u>	<u>1,593</u>

15. ULTIMATE PARENT COMPANY

The directors consider that the ultimate parent company at 31 December 1996 was The Sanctuary Group plc, a company registered in England and Wales.

Copies of the group financial statements of The Sanctuary Group plc are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.