

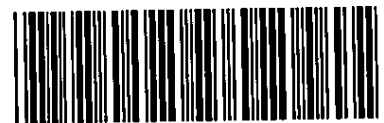
PGL Travel Limited

**Directors' report and financial
statements**

Registered number 01191534

22 February 2007

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Company information

Company registration number	01191534
Registered office	Alton Court Penyard Lane Ross on Wye Herefordshire HR9 5GL
Directors	M Davies PJ Churchus JG Firth M Hudson IC Officer LM Woolf
Secretary	LM Woolf
Bankers	Royal Bank of Scotland plc 62/63 Threadneedle Street London EC2R 8LA
Solicitors	Gateley Wareing One Eleven Edmund Street Birmingham B3 2HJ
Auditors	KPMG LLP 100 Temple Street Bristol BS1 6AG

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 22 February 2007

The financial statements are made up to the Thursday before 28 February 2007 and as such represent the performance and position of the company as at 22 February 2007. This represents 52 weeks trading (2006: 52 weeks)

Principal activities and business review

The company is principally engaged in the provision of activity holidays and educational tours. The company continues to develop according to expectations and future prospects remain encouraging.

On 25 February 2005, the trade and assets of 3D Education and Adventure Limited, a fellow subsidiary company, were transferred into PGL Travel Limited for consideration equal to the fair value of the net assets acquired. On 19 August 2005, the ultimate controlling party of the group changed as the entire share capital of PGL Voyages Limited was acquired by PGL Group Limited (formerly GW 207 Limited) as part of a management buy out.

Our investment in marketing continues to enable us to increase bookings, with brochure requests being 50% up on the previous year. However the increasing levels of expenditure continue to depress profits, as the benefit of the expenditure is not realised until the following financial year.

UK schools adventure revenue increased by 11% during the year. Significant growth was achieved in off peak periods, where our investments in new activity bases and sports halls enable us to offer activity holidays for 12 months a year. Our fill percentage at our UK centres has increased from 53.3% to 55.5% during the year. Recent government support for outdoor learning has provided further encouragement for our activity products.

The principal risks and uncertainties faced by the company are largely unchanged from previous years. Health and safety remains a top priority for the company and in addition to ensuring compliance with industry leading standards, we aim to ensure that we recruit, develop, retain and reward the best people in the industry. 32% more contracts of employment for staff were offered this year, enabling improvements in product delivery and guest satisfaction.

For more details of these risks and how they are managed please refer to page 2 in the group financial statements.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements. The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

M Davies
PJ Churchus
JG Firth
M Hudson
IC Officer
LM Woolf

The interests of the remaining directors who are also directors of the parent undertaking PGL Group Limited, are disclosed in that company's financial statements.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year. All directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Directors' report *(continued)*

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employment involvement

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group. This is achieved through regular consultation with employees.

Political and charitable contributions

The group made no political contributions during the year. The group made donations to UK charities of £1,012 during the year (2006: £1,150).

Market value of land and buildings

In the opinion of the directors, the market value of the land and buildings of the company is represented by the book values of these assets at 22 February 2007.

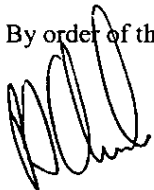
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that ought to have been taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



PJ Churchus
Director

Alton Court
Penyard Lane
Ross on Wye
Herefordshire
HR9 5GL

8th June 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 year

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Independent auditors' report to the members of PGL Travel Limited

We have audited the financial statements of PGL Travel Limited for the year ended 22 February 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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 members, 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 members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of PGL Travel Limited (*continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 22 February 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

8th June 2007

Profit and loss account
for the year ended 22 February 2007

	<i>Note</i>	Total 2007	Total 2006
		£	£
Turnover	2	51,957,200	47,723,091
Cost of sales		(41,629,855)	(38,343,768)
		<hr/>	<hr/>
Gross profit		10,327,345	9,379,323
Administrative expenses and similar income		(8,681,689)	(5,596,621)
		<hr/>	<hr/>
Operating profit	3	1,645,656	3,782,702
Interest receivable	6	10,043	33,356
Other finance income	7	51,000	53,000
Interest payable and similar charges	8	(196,993)	(348,646)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,509,706	3,520,412
Tax on profit on ordinary activities	9	51,568	(1,069,335)
		<hr/>	<hr/>
Profit for the financial year	21	1,561,274	2,451,077
		<hr/>	<hr/>

All amounts relate to continuing activities

Balance sheet
at 22 February 2007

	<i>Note</i>	22 February 2007 £	23 February 2006 £
Fixed assets			
Tangible assets	<i>10</i>	56,288,197	52,062,931
Investments	<i>11</i>	100	100
		<hr/>	<hr/>
		56,288,297	52,063,031
		<hr/>	<hr/>
Current assets			
Stocks	<i>12</i>	698,097	768,607
Debtors	<i>13</i>	3,523,000	5,519,612
Cash at bank and in hand		432,749	229,193
		<hr/>	<hr/>
		4,653,846	6,517,412
Creditors' amounts falling due within one year	<i>14</i>	(26,663,995)	(25,589,920)
		<hr/>	<hr/>
Net current liabilities		(22,010,149)	(19,072,508)
		<hr/>	<hr/>
Total assets less current liabilities		34,278,148	32,990,523
		<hr/>	<hr/>
Creditors' amounts falling due after more than one year	<i>15</i>	(115,899)	(137,369)
Provisions for liabilities	<i>16</i>	-	(227,679)
		<hr/>	<hr/>
Net assets excluding pension liabilities		34,162,249	32,625,475
		<hr/>	<hr/>
Pension liabilities	<i>25</i>	(22,000)	(324,000)
		<hr/>	<hr/>
Net assets including pension liabilities		34,140,249	32,301,475
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	<i>19</i>	13,550,000	13,550,000
Revaluation reserve	<i>21</i>	12,794,321	13,685,200
Profit and loss account	<i>21</i>	7,795,928	5,066,275
		<hr/>	<hr/>
Shareholder's funds	<i>22</i>	34,140,249	32,301,475
		<hr/>	<hr/>

These financial statements were approved by the directors on 8th June 2007 and were signed on their behalf by


PJ Churchills

Statement of total recognised gains and losses

	2007 £	2006 £
Profit for the financial year	1,561,274	2,451,077
Unrealised profit on revaluation of certain fixed assets (note 10)	-	500,000
New share capital subscribed (note 19)	-	13,200,000
Actuarial gain/(loss) recognised in the pension scheme (note 24)	396,000	(775,000)
Deferred tax arising on gains/(losses) in the pension scheme	(118,500)	224,000
Total recognised gains and losses relating to the financial year	1,838,774	15,600,077

Note of historical cost profits and losses

	2007 £	2006 £
Reported profit on ordinary activities before taxation	1,509,706	3,520,412
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	151,403	182,041
Realisation of property revaluation gains of previous years	739,476	-
Historical cost profit on ordinary activities before taxation	2,400,585	3,702,453

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

In these financial statements the following new standards have been adopted for the first time

- FRS 20 'Share based payments'

The above standard does not have any impact on these financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of land and buildings

As the Company is a wholly owned subsidiary of PGL Group Limited the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of PGL Group Limited, within which this Company is included, can be obtained from the address given in note 27

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent includes the Company in its own published consolidated financial statements

Turnover

The turnover shown in the profit and loss account represents income receivable for holidays departing in the year and rentals receivable by the group, exclusive of value added tax. Holiday deposits received in advance for holidays departing after the year end are included within deferred income

Fixed assets

All fixed assets are initially recorded at cost. Trading freehold land and buildings are periodically revalued with the surplus or deficit on fair value being transferred to the revaluation reserve, except that a deficit in excess of any previously recognised surplus to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account, unless the intrinsic value of the property to the group is considered to be in excess of its cost, then the deficit is charged to the revaluation reserve. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any previous surplus

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold and long leasehold property	-	50 years straight line
Leasehold property	-	Over shorter of 20 years or expected life of lease
Plant and machinery	-	20-50% straight line
Motor vehicles	-	16-25% straight line

Notes *(continued)*

1 **Accounting policies** *(continued)*

Depreciation *(continued)*

No depreciation is provided on freehold land or assets in the course of construction

The residual value of freehold properties has been calculated at 80% of the revalued amount of the buildings. An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred from the revaluation reserve to the profit and loss account.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. In determining the cost of raw materials, consumables and goods purchased for resale, the FIFO method is used.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Defined Contribution Pension Scheme

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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Defined Benefit Pension Scheme

PGL Voyages Limited operates a defined benefit pension scheme for the benefit of the employees of this company. The assets of the scheme are administered by trustees in a fund independent from those of the group. The disclosure of this scheme is included within these financial statements as the majority of the scheme's members are employed by PGL Travel Limited.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Deferred taxation

Deferred taxation 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 that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- 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.

Notes (continued)

1 Accounting policies (continued)

Deferred taxation (continued)

Deferred tax is measured on an undiscounted basis 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 substantively enacted at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. The gains or losses on translation are included in the profit and loss account.

Financial instruments

The group uses derivative financial instruments to manage exposures to fluctuations in foreign currency exchange and interest rates.

Investments

Investments are included at the lower of cost and net realisable value.

Brochure costs

The cost of brochure publication is charged to the profit and loss account as it is incurred.

2 Turnover

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2007 £	2006 £
United Kingdom	51,813,622	47,637,941
Overseas sales	143,578	85,150
	<u>51,957,200</u>	<u>47,723,091</u>

3 Operating profit

Operating profit is stated after charging/(crediting):

	2007 £	2006 £
Depreciation of owned fixed assets	1,800,516	1,584,755
Profit on disposal of fixed assets	(249,211)	(6,969)
Operating lease costs		
Land and buildings	293,400	293,400
Plant and equipment	252,056	252,056
Net profit on foreign currency translation	16,625	1,386
	<u> </u>	<u> </u>

Notes (continued)

3 Operating profit (continued)

Auditors' remuneration

	2007 £	2006 £
Audit	30,000	25,000
Fees receivable by the auditors and their associates in respect of other services	13,000	12,500
	<u>43,000</u>	<u>37,500</u>

4 Particular of employees

The average number of staff employed by the company during the financial year amounted to

	2007 No	2006 No
Directors	-	1
Permanent	237	221
Seasonal	1,216	1,135
	<u>1,453</u>	<u>1,357</u>

The aggregate payroll costs of these persons were as follows

	2007 £	2006 £
Wages and salaries	12,272,909	11,553,327
Social security costs	757,471	727,003
Defined contribution pension costs	57,574	56,170
Defined benefit pension costs	84,000	89,000
	<u>13,171,954</u>	<u>12,425,500</u>

5 Directors

Remuneration in respect of directors was as follows

	2007 £	2006 £
Directors' emoluments	-	123,958
	<u>-</u>	<u>123,958</u>

Notes *(continued)*

6 Interest receivable and similar income

	2007 £	2006 £
Other bank interest	10,043	33,336
	<u>10,043</u>	<u>33,336</u>

7 Other finance income

	2007 £	2006 £
Expected return on pension scheme assets	240,000	188,000
Interest on pension scheme liabilities	(189,000)	(135,000)
	<u>51,000</u>	<u>53,000</u>

8 Interest payable and similar charges

	2007 £	2006 £
On bank loans and overdrafts	196,993	348,646
	<u>196,993</u>	<u>348,646</u>

Notes (continued)

9 Taxation on ordinary activities

(a) Analysis of charge in the year

	2007 £	2006 £
Corporation tax based on the results for the year at 30 % (2005 30%)		
Corporation tax	522,917	547,461
Adjustments in respect of prior years	(101,232)	242,663
	<u>421,685</u>	<u>790,124</u>
Deferred Taxation (note 16)		
Origination and reversal of timing differences	(45,841)	21,553
Adjustments in respect of defined benefit pension scheme	10,500	-
Adjustments in respect of prior years	(437,912)	257,658
	<u>(473,253)</u>	<u>279,211</u>
Total current tax	<u>(51,568)</u>	<u>1,069,335</u>

(b) Factors affecting current tax charge

	2007 £	2006 £
Current tax reconciliation		
Profit on ordinary activities before taxation	1,509,706	3,520,412
Current tax at 30% (2005 30%)	452,912	1,056,124
Expenses not deductible for tax purposes	9,477	12,999
Capital allowances for year in excess of / less than depreciation	50,164	(20,811)
Capital gains tax in excess of accounting profit	10,364	-
Adjustments to tax charge in respect of previous periods	(101,232)	242,633
Group relief	-	(500,821)
Total current tax (note 9(a))	<u>421,685</u>	<u>790,124</u>

Notes (continued)

10 Tangible fixed assets

	Freehold and leasehold property £	Plant and machinery £	Motor vehicles £	Assets in the course of construction £	Total £
Cost or valuation					
At 24 February 2006	47,392,469	5,751,509	56,507	2,513,296	55,713,781
Additions	6,313,305	1,709,156	4,600	(2,513,296)	5,513,765
Assets under construction	-	-	-	1,931,852	1,931,852
Disposals	(1,412,074)	(30,803)	-	-	(1,442,877)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 22 February 2007	52,293,700	7,429,862	61,107	1,931,852	61,716,521
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cost or valuation					
At 24 February 2006	643,371	2,982,964	24,515	-	3,650,850
Charge for the year	454,767	1,338,385	7,364	-	1,800,516
On disposals	(4,519)	(18,523)	-	-	(23,042)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 22 February 2007	1,093,619	4,302,826	31,879	-	5,428,324
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 22 February 2007	51,200,081	3,127,036	29,228	1,931,852	56,288,197
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 23 February 2006	46,749,098	2,768,545	31,992	2,513,296	52,062,931
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

10 Tangible fixed assets (continued)

Freehold and leasehold property cost brought forward is £47,392,469. Of this balance, £26,055,623 relates to assets that have been revalued in the company accounts. There were no revaluations during the current year.

The historical cost net book value of revalued land and buildings comprises

	Freehold property £	Leasehold property £	Total £
<i>Cost</i>	9,978,072	1,462,965	11,441,037
Accumulated depreciation	(113,592)	(362,598)	(476,190)
	<u>9,864,480</u>	<u>1,100,367</u>	<u>10,964,847</u>
Net book value amount at 22 February 2007	<u>9,864,480</u>	<u>1,100,367</u>	<u>10,964,847</u>

The following information relates to tangible fixed assets carried on the basis of revaluations in accordance with FRS 15 *Tangible fixed assets*

Land and buildings

	2007 £	2006 £
Revalued cost brought forward	26,055,623	26,055,623
Revaluation in the year	-	500,000
Disposals	(1,407,555)	(500,000)
	<u>24,648,068</u>	<u>26,055,623</u>
Aggregate depreciation thereon	(888,900)	(601,249)
	<u>23,759,168</u>	<u>25,454,374</u>
Net book value at end of year	<u>23,759,168</u>	<u>25,454,374</u>
Historical cost of revalued assets	12,109,116	12,109,116
Disposals	(668,079)	-
Aggregate depreciation thereon	(476,190)	(339,942)
	<u>10,964,847</u>	<u>11,769,174</u>
Historical cost net book value	<u>10,964,847</u>	<u>11,769,174</u>

The last full valuation was performed at 11 May 2005.

The full valuations were performed by King Sturge International Property Consultants.

The directors are not aware of any material change in value and therefore the valuations set out above have not been updated.

Notes (continued)

11 Investments

	Group companies £
<i>Cost and net book value</i>	
At 22 February 2007	100

The parent company has an investment in the following subsidiary undertaking

Subsidiary undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
PGL Adventure Ltd	England and Wales	Ordinary shares	100%	Travel supplies

The results of PGL Travel Limited and PGL Adventure Limited have been consolidated in the group financial statements of PGL Group Limited

12 Stocks

	22 February 2007 £	23 February 2006 £
Operational stocks	412,339	492,395
Goods for resale	285,758	276,212
	<u>698,097</u>	<u>768,607</u>

13 Debtors

	22 February 2007 £	23 February 2006 £
Trade debtors	9,870	111,705
Amounts owed by group undertakings	-	2,391,304
Deferred tax asset (see note 16)	256,074	-
Other debtors	1,763,268	1,782,497
Prepayments and accrued income	1,493,788	1,234,106
	<u>3,523,000</u>	<u>5,519,612</u>

Notes (continued)

14 Creditors: amounts falling due within one year

	22 February 2007 £	23 February 2006 £
Bank loans and overdrafts	4,156,485	3,169,336
Trade creditors	1,288,605	2,647,223
Amounts owed to group undertakings	355,701	-
Corporation tax payable	84,729	579,121
Taxation and social security	80,983	223,015
Other creditors	4,154,414	3,402,755
Accruals and deferred income	16,543,078	15,568,470
	<u>26,663,995</u>	<u>25,589,920</u>

The bank loans and overdrafts are secured by fixed charges over the freehold properties of the company and incur interest at a rate of 1.5% above LIBOR.

15 Creditors: amounts falling due after more than one year

	22 February 2007 £	23 February 2006 £
Accruals and deferred income	<u>115,899</u>	<u>137,369</u>

Notes (continued)

16 Provisions for liabilities

	22 February 2007 £	23 February 2006 £
Deferred tax (asset)/liability	(256,074)	227,679

The movement in the deferred taxation provision during the year was

	22 February 2007 £	23 February 2006 £
Deferred tax asset in 3D Education and Adventure Limited at 24 February 2005	227,679	(51,532)
Profit and loss account movement arising during the year (note 9)	(45,841)	21,553
Adjustments in respect of prior years (note 9)	(437,912)	257,658
Provision carried forward	(256,074)	227,679

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	22 February 2007 £	23 February 2006 £
Excess of taxation allowances over depreciation	(252,634)	235,077
Other timing differences	(3,440)	(7,398)
	(256,074)	227,679

No provision has been made for deferred tax on gains recognised on revaluing the freehold and leasehold land and buildings to their Open Market Values Existing Use in the subsidiary companies. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided is £7,650,000.

Notes (continued)

17 Commitments under operating leases

At 22 February 2007, the company had annual commitments under non-cancellable operating leases as set out below

	22 February 2007		23 February 2006	
	Land and buildings	Other items	Land and buildings	Other items
	£	£	£	£
Operating leases which expire				
Within one year	-	32,959	36,576	14,982
Within two to five years	38,000	156,770	38,000	197,084
After more than five years	205,400	-	205,400	-
	<u>243,400</u>	<u>189,729</u>	<u>279,976</u>	<u>212,066</u>

18 Related party transactions

At the balance sheet date, the group was owed net balances of £Nil (*year ended 23 February 2006 £Nil*) by PGL Air Travel Limited, a company of which LM Woolf, PJ Churchus and M Davies are directors. During the year, the group recharged flight costs of £388,263 (*year ended 23 February 2006 £490,929*) to PGL Air Travel Limited and received management charges of £675,000 (*year ended 23 February 2006 £935,000*) from PGL Air Travel Limited.

As PGL Travel Limited is a wholly owned subsidiary of PGL Voyages Limited, the company and group are exempt from the requirements of Financial Reporting Standard Number 8 to disclose transactions with other members of the group headed by PGL Group Limited on the grounds that the financial statements are publicly available.

19 Called up share capital

Authorised share capital

	22 February 2007	23 February 2006
	£	£
13,550,000 ordinary shares of £1 each	13,550,000	13,550,000

Allotted, called up and fully paid:

	22 February 2007		23 February 2006	
	No	£	No	£
Ordinary shares of £1 each	13,550,000	13,550,000	13,550,000	13,550,000

Notes (continued)

20 Contingent liabilities

The company's assets are used to provide a cross guarantee and debenture on the loan finance given to its ultimate parent company, PGL Group Limited. At the balance sheet date, these loans amounted to £52,324,540.

21 Reserves

	Revaluation reserve £	Profit and loss account £
At 24 February 2006	13,685,200	5,066,275
Profit for financial year (page 7)	-	1,561,274
Realisation of revaluation reserve on disposal of fixed assets	(739,476)	739,476
Actuarial gain recognised in the pension scheme	-	396,000
Deferred tax arising on losses in pension scheme	-	(118,500)
Other movements: transfer from revaluation reserve	(151,403)	151,403
	<hr/>	<hr/>
At 22 February 2007	12,794,321	7,795,928
	<hr/>	<hr/>

22 Reconciliation of movement in shareholders' funds

	Year ended 22 February 2007 £	Year ended 23 February 2006 £
Opening shareholders' funds	32,301,475	16,701,398
New share capital subscribed	-	13,200,000
Profit for the financial year	1,561,274	2,451,077
Other net recognised gains and losses	-	500,000
Actuarial gain/(loss) recognised in the pension scheme (see note 24)	396,000	(775,000)
Deferred tax arising on gains/(losses) in pension scheme	(118,500)	224,000
	<hr/>	<hr/>
Closing shareholders' equity funds	34,140,249	32,301,475
	<hr/>	<hr/>

Notes (continued)

23 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £1,378,372 (*year ended 23 February 2006 £1,305,298*)

24 Pension commitments

Defined Contribution Pension Scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. The pension cost charge for the year represents contributions payable by the Company to the Scheme and amounted to £ 57,574 (*2006 £56,170*)

Contributions amounting to £16,337 (*2006 £16,140*) were payable to the Scheme and are included in creditors

Defined Benefit Pension Scheme

PGL Voyages Limited operates a defined benefit pension scheme for the benefit of the employees of this company. The assets of the scheme are administered by trustees in a fund independent from those of the group. The disclosure of this scheme is included within these financial statements as the majority of the scheme's members are employed by PGL Travel Limited

The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 5 October 2005 and this has been updated on an approximate basis to 22 February 2007

The contributions made by the employer over the financial year have been £63,166, equivalent to 24% of pensionable pay plus insurance premiums for death-in-service benefits. This contribution rate is to continue until it is next reviewed which will be following the results of the next triennial valuation of the scheme which is due with an effective date of 5 October 2008

Notes (continued)

24 Pension commitments (continued)

The major assumptions used in this valuation were

	22 Feb 2007 % per annum	23 Feb 2006 % per annum	24 Feb 2005 % per annum
Rate of increase in salaries	4.4%	4.1%	3.0%
Pension in payment increases on pension accrued from 6 April 1997 to 6 April 2005	5.0%	5.0%	5.0%
Pension in payment increases on pension accrued post 6 April 2005	2.5%	2.5%	-
Revaluation rate for deferred pensioners on pensions in excess of the Guaranteed Minimum Pension	5.0%	5.0%	5.0%
Discount rate applied to scheme liabilities	5.4%	4.75%	5.25%
Inflation assumption	3.4%	3.1%	3.0%

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Value at 22 Feb 2007 £'000	Value at 23 Feb 2006 £'000	Value at 24 Feb 2005 £'000
Equities	3,345	3,117	2,347
Bonds	238	139	213
Property	70	42	-
Cash	241	192	285
	<hr/>	<hr/>	<hr/>
Total market value of assets	3,894	3,490	2,845
Present value of scheme liabilities	(3,926)	(3,953)	(2,560)
	<hr/>	<hr/>	<hr/>
(Deficit)/surplus in the scheme – Pension (liability)/asset	(32)	(463)	285
Related deferred tax asset/(liability)	10	139	(85)
	<hr/>	<hr/>	<hr/>
Net pension (liability)/asset	(22)	(324)	200
	<hr/>	<hr/>	<hr/>

Notes (continued)

24 Pension commitments (continued)

The expected rates of return on the assets in the scheme were

	Long term rate of return 22 Feb 2007	Long term rate of return 23 Feb 2006	Long term rate of return 24 Feb 2005
Equities	7.1%	7.1%	7.0%
Bonds	5.4%	4.1%	5%
Property	7.1%	7.1%	-
Cash	4.5%	4.5%	4%

Movement in surplus/(deficit) during the year

	Year to 22 Feb 2007 £000	Year to 23 Feb 2006 £000
(Deficit)/surplus in scheme at the beginning of the year	(463)	285
Current service cost	(84)	(89)
Contributions paid	68	63
Past service cost	-	-
Other finance income	51	53
Actuarial gain/(loss)	396	(775)
	<hr/>	<hr/>
Deficit in the scheme at the end of the year	(32)	(463)
	<hr/>	<hr/>

Analysis of other pension costs charged in arriving at operating profit

	Year to 22 Feb 2007 £000	Year to 23 Feb 2006 £000
Current service cost	84	89
Past service cost	-	-
	<hr/>	<hr/>
Total operating charge	84	89
	<hr/>	<hr/>

Notes (continued)

24 Pension commitments (continued)

Analysis of amounts included in other finance (income)/costs

	Year to 22 Feb 2007 £000	Year to 23 Feb 2006 £000
Expected return on pension scheme assets	(240)	(188)
Interest on pension scheme liabilities	189	135
	<hr/>	<hr/>
Net finance income	(51)	(53)
	<hr/>	<hr/>

Analysis of amount recognised in statement of total recognised gains and losses

	Year to 22 Feb 2007 £000	Year to 23 Feb 2006 £000
Actual return less expected return on scheme assets	113	413
Experience gains and losses arising on scheme liabilities	(119)	(474)
Changes in assumptions underlying the present value of scheme liabilities	402	(714)
	<hr/>	<hr/>
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	396	(775)
	<hr/>	<hr/>

History of experience gains and losses

	Year ended 22 Feb 2007	Year ending 23 Feb 2006	Year ending 24 Feb 2005	14 months to 29 Feb 2004
Difference between the expected and actual return on scheme assets				
Amount (£000)	113	(413)	(75)	(332)
Percentage of year end scheme assets	2.9%	11.8%	2.6%	12.5%
Experience gains and losses on scheme liabilities				
Amount (£000)	(119)	474	9	(396)
Percentage of year end present value of scheme liabilities	-3.0%	12.0%	0.4%	16.6%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities				
	402	714	41	147
	10.3%	18.1%	1.6%	6.1%
Total amount recognised in statement of total recognised (gains) and losses				
Amount (£000)	(396)	775	(25)	(581)
Percentage of year end present value of scheme liabilities	-10.1%	19.6%	1.0%	24.3%

Notes (continued)

25 Ultimate parent company and controlling related party

The ultimate parent undertaking of this company is PGL Group Limited

The only group for which group financial statements have been drawn up is that headed by PGL Group Limited. The financial statements can be obtained from the following address: PGL Group Limited, Alton Court, Penyard Lane, Ross-on-Wye, Herefordshire, HR9 7NR.

26 Acquisitions

On 25 February 2005, the business and assets of 3D Adventure were acquired by PGL Travel Limited. At the date of acquisition the book value (equivalent to the fair value) of net assets acquired was £13,241,534. No changes to these fair values on acquisition have been identified. The following sets out the fair values of the identifiable assets and liabilities acquired and their fair value to the company.

	Book value and fair value £
Fixed assets	
Tangible assets	13,260,542
Current assets	
Stocks	170,685
Debtors	739,614
Cash at bank and in hand	-
Total current assets	910,299
Liabilities	
Creditors	(929,307)
Net assets	13,241,534
Consideration	13,241,534

27 Post balance sheet events

An announcement was made in the government's March 2007 budget that the corporation tax rate for large companies will be reduced from 30% to 28%.