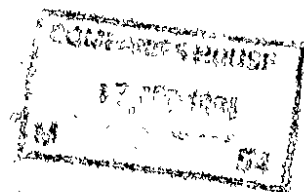


SKI BOUND LIMITED
1873956
DIRECTORS' REPORT
AND
GROUP FINANCIAL STATEMENTS
Year ended 30 APRIL 1990

HILTON SHARP & CLARKE
Chartered Accountants
30 New Road
BRIGHTON
BN1 1BN



SKI BOUND LIMITED

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SNI BOUND LIMITED

DIRECTORS: J. Bowden T. Wantoch
 M. Bole A. Lay
 S. Thompson P. Lower

DIRECTORS' REPORT

The directors submit their report and the financial statements for the year ended 30 April 1990

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of a tour operator

The result for the year is shown on page 3 of the financial statements.

The year's trading has proved to be a satisfactory one in terms of bookings for both the Winter and Summer programmes.

However, substantial currency losses were incurred amounting to £341,000 as a result of the dramatic decline in the value of sterling in the Autumn of 1989. Steps have been taken to secure the Company's currency requirements to avoid a similar loss in 1991.

DIVIDENDS AND APPROPRIATIONS

The directors do not recommend payment of a dividend, and propose to transfer the profit for the financial year to reserves.

FIXED ASSETS

Details of additions to fixed assets are shown in note 6 to the financial statements.

DIRECTORS AND INTEREST IN SHARES

The directors throughout the year were as stated at the head of this report. The number of shares in the company in which they had an interest, as defined by the Companies Act 1985, were as follows:

	At 30. 4.90 and 30. 4.89
	£
J. Bowden	20,400
M. Bole	4,000
S. Thompson	4,000
T. Wantoch	4,000
A. Lay	-
P. Lower	-

AUDITORS

Messrs Hilton Sharp & Clarke have indicated their willingness to be re-appointed as auditors of the company.

By order of the Board

J. BOWDEN
 Director

Registered office:

31 August 1990

Blenheim House, 120 Church Street, BRIGHTON, BN1 1WH

AUDITORS' REPORT TO THE MEMBERS OF
SKI BOUND LIMITED

We have audited the financial statements on
pages 3 to 14 in accordance with Auditing
Standards.

In our opinion the financial statements give a
true and fair view of the state of affairs of
the company and the group at 30 April 1990 and
of the profit and source and application of
funds for the year then ended and have been
properly prepared in accordance with the
Companies Act 1985.

HILTON SEARP & CLARKE
Chartered Accountants
30 New Road
BRIGHTON
BN1 1BN

31 August 1990

SKI BOUND LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 APRIL 1990

	Note	1990 £	1989 £
TURNOVER	3	9,277,647	8,089,590
Direct costs		7,835,536	6,636,423
GROSS PROFIT		<u>1,442,111</u>	<u>1,453,167</u>
Net interest receivable	2	418,297	287,842
		<u>1,860,408</u>	<u>1,741,009</u>
Administrative expenses		<u>1,384,801</u>	<u>1,139,961</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	475,607	601,048
Taxation	4	201,525	213,024
PROFIT FOR THE FINANCIAL YEAR		<u>£274,082</u> =====	<u>£388,024</u> =====

The notes on pages 7 to 14 form part of these financial statements.

SKI BOUND LIMITED

CONSOLIDATED BALANCE SHEET
At 30 APRIL 1990

	Note	£	1990 £	£	1989 £
FIXED ASSETS					
Tangible assets	6		765,800		679,253
CURRENT ASSETS					
Investments	8	3,396		1,475	
Stocks		5,875		23,968	
Debtors and prepayments	9	578,079		495,953	
Cash at bank and in hand		3,239,753		3,198,752	
		<u>3,827,103</u>		<u>3,720,148</u>	
CREDITORS: amounts falling due within one year	11	3,585,627		3,670,433	
NET CURRENT ASSETS			241,476		49,715
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£1,007,276</u>		<u>£728,968</u>
CAPITAL AND RESERVES					
Called up share capital	12		36,200		36,200
Profit and loss account	13		971,076		692,768
			<u>£1,007,276</u>		<u>£728,968</u>

Approved by the Board on: 31 August 1990

J. BOWDEN

Directors

P. LOWER

The notes on pages 7 to 14 form part of these financial statements.

SKI BOUND LIMITED

BALANCE SHEET
At 30 APRIL 1990

	Note	£	1990 £	£	1989 £
FIXED ASSETS					
Tangible assets	6		422,544		382,232
Investment in subsidiary	7		4,926		4,926
CURRENT ASSETS					
Investments	8	3,396		1,475	
Debtors and prepayments	9	605,203		633,532	
Cash at bank and in hand		3,227,110		3,193,790	
		<u>3,835,709</u>		<u>3,828,797</u>	
CREDITORS: amounts falling due within one year	11	3,237,667		3,473,435	
NET CURRENT ASSETS			598,042		355,362
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£1,025,512</u>		<u>£742,520</u>
CAPITAL AND RESERVES					
Called up share capital	12		36,200		36,200
Profit and loss account	13		989,312		706,320
			<u>£1,025,512</u>		<u>£742,520</u>

Approved by the Board on: 31 August 1990

J. BOWDEN

Directors

P. LOWER

The notes on pages 7 to 14 form part of these financial statements.

SKI BOUND LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
Year ended 30 APRIL 1990

	£	1990 £	£	1989 £
SOURCE OF FUNDS				
Profit before taxation		475,607		601,048
Adjustment for items not involving the movement of funds:				
Depreciation	192,366		146,474	
Exchange differences	(43,013)		-	
Loss on disposal of fixed assets	10,679		30,123	
	-----		-----	
		160,032		176,597
TOTAL GENERATED BY OPERATIONS		635,639		777,645
FUNDS FROM OTHER SOURCES				
Sale of tangible fixed assets		52,720		5,449
		-----		-----
		688,359		783,094
APPLICATION OF FUNDS				
Purchase of investments	1,921		-	
Decrease in subordinated loan	-		259,000	
Purchase of tangible fixed assets	295,073		649,270	
Hire purchase repaid	-		3,658	
Tax paid	219,150		173,386	
	-----		-----	
		516,144		(1,085,314)
		-----		-----
		172,215		(302,220)
MOVEMENTS IN WORKING CAPITAL				
Decrease/(Increase) in stocks	18,093		(23,968)	
(Increase) in debtors and prepayments	(82,126)		(226,480)	
Increase in deposits received	13,654		100,032	
(Decrease)/Increase in other creditors and accruals	(18,426)		164,388	
	-----		-----	
		(68,805)		13,972
		-----		-----
		£103,410		£(288,248)
		=====		=====
Represented by:				
MOVEMENT IN NET LIQUID FUNDS				
Increase/(decrease) in cash and bank balances		£103,410		£(288,248)
		=====		=====

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 APRIL 1990

1. ACCOUNTING POLICIES

a) Accounting convention

The accounts have been prepared under the historical cost convention.

b) Basis of consolidation

The consolidated profit and loss account and balance sheet comprises the accounts of the company and its subsidiary company made up to 30 April 1990.

c) Deferred expenditure

Certain items of advertising, promotional and other expenditure are carried forward as prepaid expenses in order that they may be matched against the corresponding seasonal revenue.

d) Depreciation of tangible fixed assets

Depreciation is provided on tangible fixed assets so as to write off the reducing balance over their anticipated useful economic lives at the following annual rates:

Short Leasehold Property	Period of the lease
Motor Vehicles	25%
Furniture and equipment	20%
Computer	33 1/3%

Provision is being made to write off the cost of the hotel property owned by the subsidiary company over a period of ten years subject to review by the directors.

The anticipated useful life of skis and equipment is reviewed by the directors at each balance sheet date, taking into account the wear and tear during the year, and depreciation is provided accordingly. Due to the perishable nature of these items, skis and equipment that are purchased under finance leases are not capitalised but the leasing charges are charged directly to the profit and loss account in the year in which they are incurred.

e) Foreign currencies

Income and expenditure in foreign currencies is translated at the appropriate brochure rate set at the beginning of the season. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, or in the case of liabilities matched by forward contracts, at rates specified in those contracts. All differences so arising are taken to the profit and loss account.

Translation differences arising from the application of closing rates of exchange to the opening net assets of the overseas subsidiary are taken directly to reserves.

f) Pension fund

Premiums payable to The Ski Bound Ltd Pension Scheme are charged to the profit and loss account in the year in which they are due and payable.

SKI SOUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 APRIL 1990

2. NET INTEREST RECEIVABLE

	1990	1989
	£	£
Interest receivable	462,827	368,809
Sundry income	-	50
	-----	-----
	462,827	368,859
Less: Subordinated loan		
interest	17,000	74,250
Hire purchase interest	-	227
Other interest payable	27,530	6,540
	-----	-----
	44,530	81,017
	-----	-----
	£418,297	£287,842
	=====	=====

3. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

- a) Turnover represents the invoiced amounts to groups travelling with the company during the 1989 summer programme, the 1989/90 winter season and groups travelling with the 1990 summer programme who departed prior to 30 April 1990.
- b) The profit on group ordinary activities has been arrived at after charging:

	1990	1989
	£	£
Directors' remuneration	199,400	124,000
Directors' pension scheme contributions	75,000	100,000
Depreciation of owned assets	192,366	146,474
Auditors' remuneration	10,500	9,500
	=====	=====

- c) Pursuant to S.228 of the Companies Act 1985 a profit and loss account for the holding company is not presented.

The group profit after taxation includes £282,992 (1989: £401,576; dealt with in the accounts of the holding company).

4. TAXATION

	£	£
U.K. Corporation tax based on the profit for the year	176,000	195,000
Prior year under-provision	19,012	12,886
	-----	-----
	195,012	207,886
Overseas taxation	6,513	5,138
	-----	-----
	£201,525	£213,024
	=====	=====

SKI BOUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 APRIL 1990

5. a) DIRECTOR'S EMOLUMENTS

	1990	1989
	£	£
Emoluments of the chairman	£55,000	£46,000
	=====	=====

The number of directors whose emoluments, excluding pension contributions and chargeable benefits, were within the following ranges were:

£ 5,001 - £10,000	1	1
£10,001 - £15,000	1	1
£15,001 - £20,000	-	3
£30,001 - £35,000	1	-
£40,001 - £45,000	1	-
£45,001 - £50,000	1	1
£50,001 - £55,000	1	-

5. b) EMPLOYEE INFORMATION

The average number of persons employed by the company during the year was as follows:

	1990 No.	1989 No.
Selling	19	19
Administration	22	20
	--	--
	41	39
	==	==

Staff costs, excluding directors' remuneration and overseas salaries, comprise the following:

	£	£
Wages and salaries	382,100	241,226
Social Security costs	35,072	19,779
	-----	-----
	£417,172	£261,005
	=====	=====

5 c) DIRECTORS INTEREST IN TRANSACTIONS

- i) Mr. Bowden has a material interest in a company which leases skis to Ski Bound Ltd on a commercial arms length basis.
- ii) The company has paid Mr. Bowden interest on the loan which he made to the company under the subordinated loan agreement referred to in note 14.
- iii) Mr. Bowden is a director and shareholder of Blenheim Studios Ltd which supplies Ski Bound Ltd with the services of graphic design on a commercial arms length basis.

SKI BOUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 APRIL 1990

6. TANGIBLE FIXED ASSETS

a) Group

	Hotel Property £	Short Leasehold Property £	Motor Vehicles £	UK Furniture and Equipment £	Overseas Furniture and Equipment £	Skis and Equipment £	Computer £	Total £
Cost:								
At 1.5.89	218,957	-	264,948	64,795	245,458	45,970	63,122	903,250
Exchange adjustments	34,823	-	-	-	16,607	-	-	51,430
Additions	-	17,500	62,478	15,783	48,516	88,022	62,774	295,073
Disposals	-	-	(49,061)	(5,358)	(21,962)	-	(45,000)	(121,381)
At 30.4.90	£253,780	£17,500	£278,365	£75,220	£288,619	£133,992	£80,896	£1,128,372
Depreciation:								
At 1.5.89	20,837	-	102,374	18,081	42,094	8,773	31,238	223,997
Exchange adjustments	3,314	-	-	-	877	-	-	4,191
Charge for the year	27,895	1,750	50,986	11,428	37,450	31,304	31,553	192,366
On disposals	-	-	(25,982)	-	-	-	(32,000)	(57,982)
At 30.4.90	£52,046	£1,750	£127,978	£29,509	£80,421	£40,077	£30,791	£362,572
Net book value:								
At 30.4.90	£201,734	£15,750	£150,387	£45,711	£208,198	£93,915	£50,105	£765,800
At 1.5.89	£198,120	£ -	£161,974	£46,714	£203,364	£37,197	£31,884	£679,253

SKI BOUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 APRIL 1990

6. TANGIBLE FIXED ASSETS (Continued)

b) Company

	Short Leasehold Property £	Motor Vehicles £	UK Furniture and Equipment £	Overseas Furniture and Equipment £	Skis and Equipment £	Computer £	Total £
Cost:							
At 1.5.89	-	264,948	64,795	141,046	45,970	63,122	579,881
Additions	17,500	62,478	15,783	843	88,022	62,774	247,406
Disposals	-	(49,061)	(5,358)	(21,962)	-	(45,000)	(121,381)
At 30.4.90	£17,500	£278,365	£75,220	£119,927	£133,992	£ 80,896	£705,900
Depreciation:							
At 1.5.89	-	102,974	18,081	36,583	8,773	31,238	197,649
Charge for the year	1,750	50,986	11,428	16,668	31,304	31,553	143,689
Eliminated on disposals	-	(25,982)	-	-	-	(32,000)	(57,982)
At 30.4.90	£1,750	£127,978	£29,509	£53,251	£40,077	£30,791	£283,356
Net book value:							
At 30.4.90	£15,750	£150,387	£45,711	£66,676	£93,915	£50,105	£422,544
At 1.5.89	£ -	£161,974	£46,713	£104,463	£37,197	£31,884	£382,232

SKI BOUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 APRIL 1990

7. INVESTMENT IN SUBSIDIARY

	1990	1989
	£	£
Investment in subsidiary at cost	£4,926	£4,926
	=====	=====

This represents the cost of 100% of the issued share capital of Ski Bound SARL, a company which is incorporated in France and which owns and manages hotels in France for the exclusive use of groups travelling with the company.

8. INVESTMENTS

U.K. listed securities (Market value: £4,710)	£3,396	£1,475
	=====	=====

9. DEBTORS AND PREPAYMENTS

	Group		Company	
	1990	1989	1990	1989
	£	£	£	£
Deferred expenditure (note 10)	310,018	239,172	310,018	239,172
Balance due from subsidiary	-	-	121,193	308,790
Other debtors	109,568	193,059	34,608	23,711
Trade debtors	7,384	13,414	7,384	13,414
Prepayments and accrued income	151,109	50,308	132,000	48,445
	-----	-----	-----	-----
	£578,079	£495,953	£605,203	£633,532
	=====	=====	=====	=====

10. DEFERRED EXPENDITURE

Certain payments were made for expenses which relate to the 1990/91 winter season and the 1990 summer season. These have been dealt with as prepaid expenses and consist of:

	1990	1989
	£	£
Deposits and payments in advance for hotel and other accommodation	158,737	194,963
Brochures - 1990 summer season	3,995	20,309
- 1990/91 winter season	15,818	18,386
Flights and other transport	131,468	5,514
	-----	-----
	£310,018	£239,172
	=====	=====

SKI BOUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 APRIL 1990

11. CREDITORS: amounts falling due within one year

	Group		Company	
	1990	1989	1990	1989
	£	£	£	£
Subordinated loan (note 14)	116,000	116,000	116,000	116,000
Directors' current account	82,378	27,999	82,378	27,999
Bank overdrafts	1,067,429	1,129,838	830,914	1,125,504
Other creditors	7,358	27,887	6,130	27,887
U.K. Corporation tax	176,000	195,000	176,000	195,000
Other taxation and Social Security	56,205	40,419	31,895	35,260
Hire purchase commitments	-	-	-	-
Trade creditors	332,669	666,096	356,262	478,591
Accruals and deferred income	460,123	253,383	410,623	253,383
	2,358,162	2,456,622	2,010,202	2,259,624
Deposits received for holiday departures after 30 April 1990	1,227,465	1,213,811	1,227,465	1,213,811
	£3,585,627	£3,670,433	£3,237,667	£3,473,435
	=====	=====	=====	=====

12. CALLED UP SHARE CAPITAL

Authorised:		
100,000 Ordinary shares of £1 each	£100,000	£100,000
	=====	=====
Allotted and fully paid:		
36,200 Ordinary shares of £1 each	£36,200	£36,200
	=====	=====

The company may be required to issue and allot 3,800 additional £1 Ordinary shares arising out of a rights issue made in an earlier period.

13. RESERVES

	Group	Company
	£	£
At beginning of year	692,768	706,320
Exchange difference on net investment in overseas subsidiary	4,226	-
	696,994	706,320
Retained profit for the year	274,082	282,992
	971,076	989,312
At end of year	=====	=====

SKI BOUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 30 APRIL 1990

14. COMMITMENTS

- a) The company has entered into an agreement for the lease of skis and equipment as referred to in note 5(c)(i).
- b) The company has entered into a number of agreements with appropriate guarantees to lease hotel and other accommodation overseas for future trading periods at commercial rates.

15. SUBORDINATED LOANS

Mr. Bowden has given an undertaking to both the company and the Civil Aviation Authority that the subordinated loan will not be repaid without the consent of the Civil Aviation Authority or until all claims of other creditors incurred during the period the company held an A.T.O.L. have been satisfied.

16. TOUR OPERATORS BONDS

Bonds have been lodged with the Association of British Travel Agents Limited for a total sum of £910,000 (1989: £1,084,000). Of this, £310,000 (1989: £259,000) is supported by deposits with the company's bankers.

17. PENSION FUND

Premiums payable to the Ski Bound Limited Pension Scheme amounted to £75,000 during the year. The scheme is a money purchase scheme for certain senior executives of Ski Bound Limited.