

SKI BOUND LIMITED
DIRECTORS' REPORT
AND
GROUP FINANCIAL STATEMENTS
Year ended 30 APRIL 1991

Registered No: 1873956

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

19 APR 1991
11.00

SKI BOUND LIMITED

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SEI FOUND 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 1991.

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.

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 30.4.1991 and 1.5.1990
£

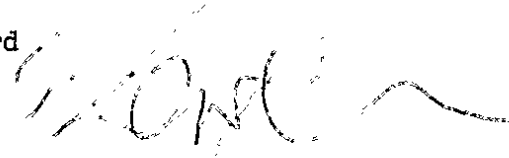
J. Bowden	20,400
M. Bole	4,000
S. Thompson	4,000
T. Wantoch	4,000
A. Lay	-
P. Lower	-

AUDITORS

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

On behalf of the Board

P. Lower
Company Secretary



Registered office:
Blenheim House,
120 Church Street
BRIGHTON BN1 1WH

5 September 1991



CHARTERED ACCOUNTANTS 30 NEW ROAD BRIGHTON BN1 1BN

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 1991 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

H. J. Sharpe & Clarke

5 September 1991

SKI BOUND LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 APRIL 1991

	Note	1991 £	1990 £
TURNOVER	3	14,681,233	9,277,647
Cost of sales		12,107,820	7,835,536
		-----	-----
GROSS PROFIT		2,573,413	1,442,111
Administrative expenses		2,099,757	1,384,801
		-----	-----
OPERATING PROFIT		473,656	57,310
Interest receivable		498,480	462,827
Interest payable	2	59,348	44,530
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	912,788	475,607
Tax on profit on ordinary activities	4	329,646	201,525
		-----	-----
PROFIT FOR THE FINANCIAL YEAR		£ 583,142	£274,082
		=====	=====

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

SKI BOUND LIMITED

CONSOLIDATED BALANCE SHEET
At 30 APRIL 1991

	Note	£	1991 £	£	1990 £
FIXED ASSETS					
Tangible assets	6		671,514		765,800
CURRENT ASSETS					
Investments	8	3,396		3,396	
Stocks		9,940		5,875	
Debtors	9	3,617,737		578,079	
Cash at bank and in hand		4,504,524		3,239,753	
		<u>8,135,597</u>		<u>3,827,103</u>	
CREDITORS: amounts falling due within one year	11	7,217,349		3,585,627	
NET CURRENT ASSETS			918,248		241,476
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£1,589,762</u>		<u>£1,007,276</u>
CAPITAL AND RESERVES					
Called up share capital	12		36,200		36,200
Profit and loss account	13		1,553,562		971,076
			<u>£1,589,762</u>		<u>£1,007,276</u>

Approved by the Board on: 5 September 1991

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 1991

	Note	£	1991 £	£	1990 £
FIXED ASSETS					
Tangible assets	6		398,129		422,544
Investment in subsidiary undertaking	7		4,926		4,926
CURRENT ASSETS					
Investments	8	3,396		3,396	
Debtors	9	3,690,715		605,203	
Cash at bank and in hand		4,500,640		3,227,110	
		<u>8,194,751</u>		<u>3,835,709</u>	
CREDITORS: amounts falling due within one year	11	6,953,610		3,237,667	
NET CURRENT ASSETS			1,241,133		598,042
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£1,644,188</u>		<u>£1,025,512</u>

CAPITAL AND RESERVES

Called up share capital	12	36,200	36,200
Profit and loss account	13	1,607,988	989,312
		<u>£1,644,188</u>	<u>£1,025,512</u>

Approved by the Board on: 5 September 1991

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 1991

	£	1991 £	£	1990 £
SOURCE OF FUNDS				
Profit before taxation		912,788		475,607
Adjustment for items not involving the movement of funds:				
Depreciation	189,091		192,366	
Exchange differences	25,680		(43,013)	
Loss on disposal of fixed assets	3,653		10,679	
	-----		-----	
		218,424		160,032
		-----		-----
TOTAL GENERATED BY OPERATIONS		1,131,212		635,639
FUNDS FROM OTHER SOURCES				
Subordinated loans	143,000		-	
Sale of tangible fixed assets	92,742		52,720	
	-----		-----	
		235,742		52,720
		-----		-----
		1,366,954		688,359
APPLICATION OF FUNDS				
Purchase of investments	-		1,921	
Purchase of tangible fixed assets	217,536		295,073	
Tax paid	170,000		219,150	
	-----		-----	
		387,536		516,144
		-----		-----
		979,418		172,215
MOVEMENTS IN WORKING CAPITAL				
(Increase)/Decrease in stocks	(4,065)		18,093	
(Increase) in debtors and prepayments	(3,039,658)		(82,126)	
Increase in deposits received	1,437,349		13,654	
Increase/(Decrease) in other creditors and accruals	971,172		(18,426)	
	-----		-----	
		(635,202)		(68,805)
		-----		-----
		£ 344,216		£103,410
		=====		=====
Represented by:				
MOVEMENT IN NET LIQUID FUNDS				
Increase in cash and bank balances		£ 344,216		£103,410
		=====		=====

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 APRIL 1991

1. ACCOUNTING POLICIES

- a) Accounting convention
The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.
- b) Basis of consolidation
The consolidated profit and loss account and balance sheet comprises the accounts of the company and its subsidiary undertaking drawn up to 30 April 1991. The results of inter company trading are eliminated on consolidation.
- 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 undertaking 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.
- g) Operating leases
Premiums under operating leases are charged to the profit and loss account in the year in which the premiums fall due for payment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 APRIL 1991

2. INTEREST PAYABLE

	1991	1990
£	£	£
Interest payable on overdrafts repayable within 5 years	16,348	27,530
Subordinated loan interest	43,000	17,000
	-----	-----
	£59,348	£44,530
	=====	=====

3. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

- a) Turnover represents the invoiced amounts to groups travelling with the company during the 1990 summer programme, the 1990/91 winter season and groups travelling with the 1991 summer programme who departed prior to 30 April 1991.
- b) The profit on group ordinary activities has been arrived at after charging:

	1991	1990
	£	£
Exchange (gains)\losses	(256,335)	462,022
Directors' remuneration	310,100	199,400
Directors' pension scheme contribution	100,000	75,000
Depreciation of owned assets	189,091	192,366
Auditors' remuneration	14,500	10,500
Ski leasing costs	87,667	65,500
	=====	=====

- c) The company has relied upon the exemption in S230 Companies Act 1985 to omit its own profit and loss account from the group accounts.

The group profit after taxation includes £618,676 (1990: £282,992) dealt with in the accounts of the parent undertaking.

4. TAXATION

	1991	1990
	£	£
U.K. Corporation tax based on the profit for the year at 34%/33% (1990: 35%)	330,452	176,000
Prior year (over)/underprovision	(806)	19,012
	-----	-----
	329,646	195,012
Overseas taxation	-	6,513
	-----	-----
	£329,646	£201,525
	=====	=====

SKI BOUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 APRIL 1991

5. a) DIRECTOR'S EMOLUMENTS

	1991 £	1990 £
Emoluments of the chairman	£101,550 =====	£55,000 =====

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

£ 5,001 - £ 10,000	-	1
£ 10,001 - £ 15,000	-	1
£ 20,001 - £ 25,000	1	-
£ 30,001 - £ 35,000	1	1
£ 40,001 - £ 45,000	1	1
£ 45,001 - £ 50,000	-	1
£ 50,001 - £ 55,000	-	1
£ 60,001 - £ 65,000	1	-
£ 65,001 - £ 70,000	1	-
£100,001 - £105,000	1	-

5. b) EMPLOYEE INFORMATION

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

	1991 No.	1990 No.
Selling	21	19
Administration	28	22
	--	--
	49	41
	==	==

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

	1991 £	1990 £
Wages and salaries	556,227	382,100
Social Security costs	51,402	35,072
	-----	-----
	£607,629	£417,172
	=====	=====

5. c) DIRECTORS INTEREST IN TRANSACTIONS

- i) Mr. Bowden has a material interest in a company which leased skis to Ski Bound Limited on a commercial arms length basis during the year at total rentals of £156,000 (1990: £65,500) and to which this company paid handling fees in respect of holiday bookings amounting to £150,000 (1990: £Nil).
- ii) The company paid Mr. Bowden interest of £43,000 (1990: £17,000) on the loan which he made to the company under the subordinated loan agreement referred to in note 15.
- iii) Mr. Bowden is a director and shareholder of Blenheim Studios Limited which supplies Ski Bound Limited 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 1991

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 May 1990	253,780	17,500	278,365	75,220	288,619	133,992	80,896	1,128,372
Exchange adjustments	(18,915)	-	-	-	(12,573)	-	-	(31,488)
Additions	-	-	56,463	6,163	45,657	89,341	19,912	217,536
Disposals	-	-	(34,338)	-	-	(83,000)	-	(117,338)
At 30 April 1991	£234,865	£17,500	£300,490	£81,383	£321,703	£140,333	£100,808	£1,197,082
Depreciation:								
At 1 May 1990	52,046	1,750	127,978	29,509	80,421	40,077	30,791	362,572
Exchange adjustments	(1,701)	-	-	-	(3,451)	-	-	(5,152)
Charge for the year	33,107	1,750	48,364	10,374	47,093	25,064	23,339	189,091
On disposals	-	-	(20,943)	-	-	-	-	(20,943)
At 30 April 1991	£83,452	£3,500	£155,399	£39,883	£124,063	£65,141	£54,130	£525,568
Net book amount:								
At 30 April 1991	£151,413	£14,000	£145,091	£41,500	£197,640	£75,192	£46,678	£671,514
At 1 May 1990	£201,734	£15,750	£150,387	£45,711	£208,198	£93,915	£50,105	£765,800

The Hotel Property is held by the subsidiary undertaking under a Fond du Commerce in accordance with French property laws.

b) Company

[illegible]

SKI BOUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 APRIL 1991

7. INVESTMENT IN SUBSIDIARY UNDERTAKING

	1991 £	1990 £
Investment in subsidiary undertaking 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. The results of Skibound SARL are consolidated to 30 April 1991.

8. INVESTMENTS

	1991 £	1990 £
U.K. listed securities (Market value: £4,682; 1990: £4,710)	£3,396 =====	£3,396 =====

9. DEBTORS

	Group		Company	
	1991 £	1990 £	1991 £	1990 £
Deferred expenditure (note 10)	100,540	310,018	100,540	310,018
Balance due from subsidiary undertaking	-	-	223,352	121,193
Other debtors	240,839	109,568	137,416	34,608
Trade debtors	2,958,864	7,384	2,958,864	7,384
Prepayments and accrued income	317,444	151,109	270,543	132,000
	£3,617,737 =====	£578,079 =====	£3,690,715 =====	£605,203 =====

Trade debtors at 30 April 1991 relate to outstanding claims from The Tour Operators Study Group Limited and The Association of British Travel Agents Limited in connection with the acceptance by Skibound Limited of assignment forms from former clients of Quest Travel Limited, Adventure Express Limited and Sun Living Limited.

10. DEFERRED EXPENDITURE

Certain payments were made for expenses which relate to the 1991/92 winter season and the 1991 summer season. These have been dealt with as prepaid expenses and consist of:

	1991 £	1990 £
Deposits and payments in advance for hotel and other accommodation	65,733	158,737
Brochures - 1991 summer season	11,914	3,995
- 1991/92 winter season	10,110	15,818
Flights and other transport	12,783	131,468
	£100,540 =====	£310,018 =====

SKI BOUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 APRIL 1991

11. CREDITORS: amounts falling due within one year

	Group		Company	
	1991 £	1990 £	1991 £	1990 £
Subordinated loan (note 15)	259,000	116,000	259,000	116,000
Directors' current accounts	95,025	82,378	95,025	82,378
Bank overdrafts	1,987,984	1,067,429	1,836,615	830,914
Other creditors	8,130	7,358	8,130	6,130
U.K. Corporation tax	335,646	176,000	335,646	176,000
Other taxation and Social Security	220,261	56,205	196,134	31,895
Trade creditors	1,247,900	681,739	1,159,665	645,332
Accruals and deferred income	398,589	171,053	398,589	121,553
	4,552,535	2,358,162	4,288,804	2,010,202
Deposits received for holiday departures after 30 April 1991	2,664,814	1,227,465	2,664,814	1,227,465
	£7,217,349	£3,585,627	£6,953,618	£3,237,667

The maximum overdrawn balance on director's current account amounted to £6,675 during the year and related to J. Bowden. Interest has been charged on the loan at full commercial rates.

12. CALLED UP SHARE CAPITAL

	1991 £	1990 £
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
	=====	=====

13. RESERVES

	Group £	Company £
At 1 May 1990	971,076	989,312
Exchange difference on net investment in overseas subsidiary	(656)	-
	970,420	989,312
Retained profit for the year	583,142	618,676
	-----	-----
At 30 April 1991	£1,553,562	£1,607,988
	=====	=====

SKI BOUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Year ended 30 APRIL 1991

14. COMMITMENTS

- a) The company has entered into agreements for the lease of skis and equipment as referred to in note 5(c)(i). The commitments outstanding at the year end are not disclosed as the leases are short term and revocable with immediate notice without penalty.
- 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.
- c) The company has entered into forward foreign exchange contracts for the sum of £4,540,164 to meet the costs incurred for groups travelling after 30 April 1991 under confirmed bookings. The company has given security to its bankers in respect of these contracts in the sum of £456,140.

15. SUBORDINATED LOAN

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 £1,595,000 (1990: £910,000) Of this, £15,000 (1990: £310,000) was supported by blocked deposits with the company's bankers at the year end. This amount has been subsequently released by ABTA.

17. PENSION FUND

Premiums payable to the Ski Bound Limited Pension Scheme amounted to £100,000 (1990: £75,000) during the year. The scheme is a money purchase scheme for certain senior executives of Ski Bound Limited.