

JETSET EUROPE LIMITED

AND SUBSIDIARY UNDERTAKING

Company number :

02223775

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ANNUAL ACCOUNTS

for the year ended 31st October 1995



MOORES ROWLAND

MANCHESTER

JETSET EUROPE LIMITED AND SUBSIDIARY UNDERTAKING

Directors: J.W. Bond - Canada
D.M. Grant - Australia
D.R. Clarke - Australia (appointed 31st December 1994
resigned 30th June 1995)
K.M. McQualter - Australia (appointed 1st July 1995)

DIRECTORS REPORT

The directors present their annual report and the accounts for the year ended 31st October 1995.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group was that of tour operator.

The directors were satisfied with the trading results for the year and consider the company's financial position at the end of the year to be sound. Subsequent to the year end, the group acquired a business involved in travel and consolidation. The directors are confident that this will contribute to the growth of the group.

RESULTS AND DIVIDENDS

The profit for the year is shown in the profit and loss account on page 4.

The directors do not recommend the payment of any dividend (1994: £ Nil).

FIXED ASSETS

The movement in fixed assets are as shown in notes 8 and 9 to the accounts.

DIRECTORS AND INTERESTS IN SHARES

The directors, who served during the year, are shown at the head of this report.

J.W. Bond holds 140,000 "A" ordinary shares of £1 each, neither of the other directors had a shareholding interest required to be disclosed by the Companies Act 1985.

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare accounts that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the financial year. In doing so, the directors are required to:

- a) select suitable accounting policies and apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) prepare the accounts 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 that 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.

JETSET EUROPE LIMITED AND SUBSIDIARY UNDERTAKING

DIRECTORS REPORT (continued)

AUDITORS

A resolution for the reappointment of Messrs. Moores Rowland, Chartered Accountants, will be considered at the annual general meeting.

Registered Office:

52, George Street,
Manchester.

26th March 1996.

By order of the Board



M.J. Beard
Secretary

AUDITORS REPORT TO THE MEMBERS OF

JETSET EUROPE LIMITED

We have audited the accounts on pages 4 to 15.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

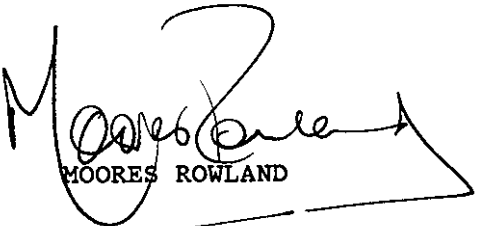
BASIS OF OPINION

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 and the group's affairs at 31st October 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.


MOORES ROWLAND
Chartered Accountants
Registered Auditors

Wilmslow,
Cheshire.

27th March 1996.

JETSET EUROPE LIMITED AND SUBSIDIARY UNDERTAKINGCONSOLIDATED PROFIT AND LOSS ACCOUNTfor the year ended 31st October 1995

	Notes	£	1994 £
TURNOVER	2	27,019,142	25,942,302
Cost of sales		24,655,151	23,844,465
		-----	-----
GROSS PROFIT		2,363,991	2,097,837
Net operating expenses		2,399,598	2,107,972
		-----	-----
Operating profit		(35,607)	(10,135)
Interest payable	3	78	631
		-----	-----
		(35,685)	(10,766)
Investment income	4	81,678	91,099
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	45,993	80,333
Tax on profit on ordinary activities	6	17,232	23,143
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		28,761	57,190
		-----	-----
RETAINED PROFIT FOR THE YEAR		28,761	57,190
Surplus on exchange on consolidation		27,431	3,740
Retained profit brought forward		101,033	40,103
		-----	-----
RETAINED PROFIT CARRIED FORWARD		£157,225	£101,033
		=====	=====

All of the company's operations are continuing.

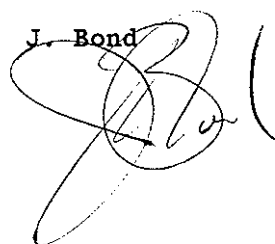
All recognised gains and losses are included in the profit and loss account.

JETSET EUROPE LIMITED AND SUBSIDIARY UNDERTAKINGCONSOLIDATED BALANCE SHEETas at 31st October 1995

	Notes	£	£	1994 £
FIXED ASSETS				
Tangible	7		109,146	111,829
CURRENT ASSETS				
Debtors	9	2,778,724		1,900,850
Cash at bank and in hand		2,399,192		3,011,185
		-----		-----
		5,177,916		4,912,035
CREDITORS - amounts falling due within one year	10	4,666,012		4,542,031
		-----		-----
NET CURRENT ASSETS			511,904	370,004
			-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES			621,050	481,833
CREDITORS - amounts falling due after more than one year	11	259,525		175,000
PROVISION FOR LIABILITY				
Deferred taxation		4,300		5,800
		-----		-----
			263,825	180,800
			-----	-----
			£357,225	£301,033
			=====	=====
CAPITAL AND RESERVES				
Share capital	12		200,000	200,000
Revenue reserves	13		157,225	101,033
			-----	-----
Shareholders funds	13		£357,225	£301,033
			=====	=====

Approved by the board on 26th March 1996:

J. Bond

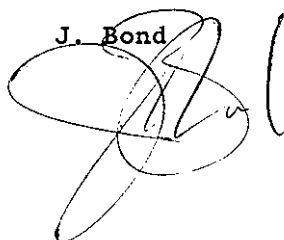


JETSET EUROPE LIMITEDBALANCE SHEETas at 31st October 1995

	Notes	£	£	1994 £
FIXED ASSETS				
Tangible	7		106,956	109,276
Investments	8		30,000	30,000
			-----	-----
			136,956	139,276
CURRENT ASSETS				
Debtors	9	2,495,355		1,690,244
Cash at bank and in hand		1,643,664		2,202,200
		-----		-----
		4,139,019		3,892,444
CREDITORS - amounts falling due within one year	10	3,691,068		3,563,811
		-----		-----
NET CURRENT ASSETS			447,951	328,633
			-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES			584,907	467,909
CREDITORS - amounts falling due after more than one year	11	259,525		175,000
PROVISION FOR LIABILITY				
Deferred taxation		4,300		5,800
		-----		-----
			263,825	180,800
			-----	-----
			£321,082	£287,109
			=====	=====
CAPITAL AND RESERVES				
Share capital	12		200,000	200,000
Revenue reserves	13		121,082	87,109
			-----	-----
Shareholders funds	13		£321,082	£287,109
			=====	=====

Approved by the board on 26th March 1996:

J. Bond



JETSET EUROPE LIMITED AND SUBSIDIARY UNDERTAKINGCASH FLOW STATEMENTas at 31st October 1995

	£	£	1994 £
NET CASH INFLOW FROM OPERATING ACTIVITIES		(711,399)	(431,846)
SERVICING OF FINANCE			
Interest received	81,678		91,099
Interest paid	(78)		(631)
	-----		-----
Net cash outflow from servicing of finance		81,600	90,468
TAXATION			
Corporation tax paid		(38,489)	(66,768)
INVESTING ACTIVITIES			
Purchase of tangible fixed assets	(34,742)		(31,893)
Sale of intangible fixed assets	3,512		4,100
	-----		-----
Net cash outflow from investing activities		(31,230)	(27,793)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		----- (699,518)	----- (435,939)
FINANCING			
Subordinate loan	79,000		160,000
Hire purchase borrowings	8,525		-
	-----		-----
Net cash inflow from financing		87,525	160,000
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		----- £(611,993) =====	----- £(275,939) =====

Further information is included in Note 14 to the accounts.

JETSET EUROPE LIMITED AND SUBSIDIARY UNDERTAKINGNOTES TO THE ANNUAL ACCOUNTS

1. ACCOUNTING POLICIES

The annual accounts have been prepared under the historical cost convention using the following accounting policies:

CONSOLIDATION OF SUBSIDIARY UNDERTAKING

The consolidated accounts incorporate the results of the parent company and its subsidiary undertaking. The method of accounting adopted in consolidating the net assets of the acquired undertaking was under acquisition accounting provisions.

Under section 230 of the Companies Act 1985, the company claims exemption from presenting its own profit and loss account.

DEPRECIATION OF TANGIBLE FIXED ASSETS

Fixed assets have been depreciated by the reducing balance method, so as to write them off over their anticipated useful lives, at the following annual rates:

Leasehold improvements	over the term of the lease
Computer, fixtures and equipment	20%
Motor vehicles	25%

OPERATING LEASES

The annual rentals under operating leases are charged to the profit and loss account as incurred.

HIRE PURCHASE

Assets held under hire purchase contracts have been capitalised and the interest calculated by the straight line method, in equal instalments over the term of the contract. The directors are aware that this is not in accordance with Statement of Standard Accounting Practice No. 21, but the amounts involved are not considered material.

PENSION FUNDS

The company operates defined contribution, money purchase, externally funded pension schemes covering certain directors and key employees. Contributions are charged against profits in the period in which they are paid.

DEFERRED TAXATION

Deferred taxation has been provided, at the relevant rate, for all timing differences expected to reverse in the foreseeable future.

TURNOVER

Turnover represents sales to customers outside the group at invoiced amounts, less Value Added Tax.

FOREIGN CURRENCIES

Foreign currency assets, liabilities and trading have been translated at the rate ruling at the balance sheet date. All exchange differences have been written off to the profit and loss account.

JETSET EUROPE LIMITED AND SUBSIDIARY UNDERTAKINGNOTES TO THE ANNUAL ACCOUNTS (continued)

2. TURNOVER

All the turnover of the group has been derived from the principal activity of tour operator.

	The group		The company	
	1995	1994	1995	1994
	£	£	£	£
The geographical analysis is as follows:				
Sales to United Kingdom	20,851,657	19,403,133	20,851,657	19,403,133
Rest of Europe	6,167,485	6,539,169	92,148	99,520
	-----	-----	-----	-----
	£27,019,142	£25,942,302	£20,943,805	£19,502,653
	=====	=====	=====	=====

3. INTEREST PAYABLE

Bank loans and overdrafts wholly repayable within 5 years	-	385	-	385
Hire purchase interest	78	-	78	-
Interest paid on overdue tax	-	246	-	246
	----	----	----	----
	£78	£631	£78	£631
	=====	=====	=====	=====

4. INVESTMENT INCOME

Bank interest receivable	15,927	13,094	15,927	13,094
Other interest receivable	65,751	78,005	52,870	60,981
	-----	-----	-----	-----
	£81,678	£91,099	£68,797	£74,075
	=====	=====	=====	=====

5. PROFIT ON ORDINARY ACTIVITIES

Profit on ordinary activities has been arrived at after charging:

Depreciation of fixed assets	33,109	28,184	32,360	27,102
Directors' emoluments	58,708	59,613	58,708	59,613
Directors pension contributions	4,800	4,400	4,800	4,400
Auditors' remuneration	15,000	15,000	12,500	12,500
Operating lease rentals - plant	2,656	2,656	2,656	2,656
- other	58,290	51,875	53,540	47,270
	=====	=====	=====	=====

JETSET EUROPE LIMITED AND SUBSIDIARY UNDERTAKINGNOTES TO THE ANNUAL ACCOUNTS (continued)

	The group		The company	
	1995	1994	1995	1994
	£	£	£	£
6. TAXATION				
The charge for the year is as follows:				
Corporation tax, at current rates on the profit for the year	19,278	24,819	12,500	20,000
Overprovision in earlier years	(546)	(76)	(546)	(76)
Deferred taxation	(1,500)	(1,600)	(1,500)	(1,600)
	-----	-----	-----	-----
	£17,232	£23,143	£10,454	£18,324
	=====	=====	=====	=====
7. TANGIBLE FIXED ASSETS				
The Group	Leasehold	Computer, Fixtures & Equipment	Motor Vehicles	TOTAL
	Property			
	£	£	£	£
COST				
At 1st November 1994	16,721	109,135	27,635	153,491
Additions	-	16,662	18,080	34,742
Exchange difference	-	629	-	629
Disposals	-	-	(7,914)	(7,914)
	-----	-----	-----	-----
At 31st October 1995	16,721	126,426	37,801	180,948
	=====	=====	=====	=====
DEPRECIATION				
At 1st November 1994	2,791	30,841	8,030	41,662
Provided this year	1,393	23,679	8,537	33,609
Exchange difference	-	332	-	332
Eliminated on disposals	-	-	(3,801)	(3,801)
	-----	-----	-----	-----
At 31st October 1995	4,184	54,852	12,766	71,802
	=====	=====	=====	=====
NET BOOK VALUE				
At 1st November 1994	£13,930	£78,294	£19,605	£111,829
	=====	=====	=====	=====
At 31st October 1995	£12,537	£71,574	£25,035	£109,146
	=====	=====	=====	=====

JETSET EUROPE LIMITED AND SUBSIDIARY UNDERTAKINGNOTES TO THE ANNUAL ACCOUNTS (continued)

7. TANGIBLE FIXED ASSETS (continued)

The Company	Leasehold Improvements	Computer, Fixtures & Equipment	Motor Vehicles	TOTAL
COST	£	£	£	£
At 1st November 1994	16,721	103,718	27,635	148,074
Additions	-	16,073	18,080	34,153
Disposals	-	-	(7,914)	(7,914)
	-----	-----	-----	-----
At 31st October 1995	16,721	119,791	37,801	174,313
	=====	=====	=====	=====
DEPRECIATION				
At 1st November 1994	2,791	27,977	8,030	38,798
Provided this year	1,393	22,430	8,537	32,360
Eliminated on disposals	-	-	(3,801)	(3,801)
	-----	-----	-----	-----
At 31st October 1995	4,184	50,407	12,766	67,357
	=====	=====	=====	=====
NET BOOK VALUE				
At 1st November 1994	£13,930	£75,741	£19,605	£109,276
	=====	=====	=====	=====
At 31st October 1995	£12,537	£69,384	£25,035	£106,956
	=====	=====	=====	=====

The net book value of motor vehicles, in both the group and the company, includes the following amounts in respect of assets held under hire purchase contracts:

	1994	1994
	£	£
Net book value at 31st October 1995	£8,708	£ Nil
Depreciation charge for the year	£792	£ Nil
	=====	=====

The Company	
1995	1994
£	£

8. FIXED ASSET INVESTMENTS

Investment in subsidiary at cost	£30,000	£30,000
	=====	=====

The subsidiary undertaking, wholly owned and registered in Germany is Jetset Tours (Deutschland) GmbH, whose principal activity is a tour operator.

JETSET EUROPE LIMITED AND SUBSIDIARY UNDERTAKINGNOTES TO THE ANNUAL ACCOUNTS (continued)

	The group		The company	
	1995	1994	1995	1994
	£	£	£	£
9. DEBTORS				
Trade debtors	2,439,427	1,675,360	1,872,363	1,296,584
Amounts due from subsidiary undertaking	-	-	354,051	198,677
Taxation	141,290	126,038	87,880	96,503
Other debtors	2,423	2,529	2,423	2,529
Prepayments and accrued income	195,584	96,923	178,638	95,951
	-----	-----	-----	-----
	£2,778,724	£1,900,850	£2,495,355	£1,690,244
	=====	=====	=====	=====

10. CREDITORS - amounts falling due within one year

Trade creditors	4,551,628	4,446,097	3,585,594	3,472,195
Taxation and social security	32,570	34,762	32,570	34,762
Hire purchase	3,000	-	3,000	-
Accruals and deferred income	78,814	61,172	69,904	56,854
	-----	-----	-----	-----
	£4,666,012	£4,542,031	£3,691,068	£3,563,811
	=====	=====	=====	=====

11. CREDITORS - amounts falling due after more than one year

Subordinated loan	239,000	160,000	239,000	160,000
Hire purchase	5,525	-	5,525	-
Directors loan account	15,000	15,000	15,000	15,000
	-----	-----	-----	-----
	£259,525	£175,000	£259,525	£175,000
	=====	=====	=====	=====

Both the subordinated and directors loan accounts are irrevocable while the company holds any air travel organisers licence, unless written consent of the Civil Aviation Authority is obtained for the repayment.

12. SHARE CAPITAL	The company	
	1995	1994
	£	£
Authorised, allotted and fully paid:		
140,000 "A" ordinary shares of £1 each	140,000	140,000
60,000 "B" ordinary shares of £1 each	60,000	60,000
	-----	-----
	£200,000	£200,000
	=====	=====

	The group		The company	
	1995	1994	1995	1994
	£	£	£	£

13. SHAREHOLDERS FUNDS AND RESERVES

a) Reconciliation of movements on shareholders funds:

Profit for the year	56,192	60,930	33,973	56,965
Opening shareholders funds	301,033	240,103	287,109	230,144
	-----	-----	-----	-----
Closing shareholders funds	£357,225	£301,033	£321,082	£287,109
	=====	=====	=====	=====

JETSET EUROPE LIMITED AND SUBSIDIARY UNDERTAKINGNOTES TO THE ANNUAL ACCOUNTS (continued)

	The group	The company
13. SHAREHOLDERS FUNDS AND RESERVES (continued)		
b) Reserves		
	Revenue £	Revenue £
At 1st November 1994	101,033	87,109
Transfer of profit	56,192	33,973
	-----	-----
At 31st October 1995	£157,225	£121,082
	=====	=====

	The Group 1994	
	£	£
14. NOTES TO THE CASH FLOW STATEMENT		
a) Reconciliation of net cash inflow from operating activities		
Operating (loss)/profit	(35,607)	(10,135)
Depreciation charge	33,609	28,175
Loss on sale of tangible fixed assets	601	268
Exchange difference on tangible fixed assets	(297)	-
Exchange difference	27,431	3,740
	-----	-----
	25,737	22,048
	-----	-----
Increase in debtors	(864,921)	(1,002,427)
Increase in creditors	127,785	548,533
	-----	-----
	(737,136)	(453,894)
	-----	-----
CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	£(711,399)	£(431,846)
	=====	=====

b) Cash and cash equivalents as shown in the balance sheet

	1995 £	1994 £	Change in the year £
Cash at bank and in hand	£2,399,192	£3,011,185	£(611,993)
	=====	=====	=====

JETSET EUROPE LIMITED AND SUBSIDIARY UNDERTAKINGNOTES TO THE ANNUAL ACCOUNTS (continued)

15. FINANCIAL COMMITMENTS

a) Capital commitments

There was no capital expenditure on fixed assets, authorised by the directors at the year end, that had not been provided for in the accounts.

b) Other commitments

The company has annual commitments under non-cancellable operating leases as follows:

i) Leases of land and buildings

	The group		The company	
	1995	1994	1995	1994
	£	£	£	£
Expiring in 2 to 5 years	46,182	45,643	41,000	41,000
Expiring after 5 years	26,040	26,040	26,040	26,040
	-----	-----	-----	-----
	72,222	71,683	67,040	67,040

ii) Other leases

Expiring in 2 to 5 years	2,656	2,656	2,656	2,656
	-----	-----	-----	-----
	£74,878	£74,339	£69,696	£69,696
	=====	=====	=====	=====

16. DIRECTORS AND OTHER EMPLOYEES

The average number of persons employed was as follows:

Selling	44	41	40	36
Administration	22	21	22	21
	--	--	--	--
	66	62	62	57
	==	==	==	==

Staff costs include the following:

	£	£	£	£
Wages and salaries	901,264	786,811	790,307	679,031
Social security costs	92,402	93,715	72,738	73,698
Other pension costs	6,240	4,289	6,240	4,289
	-----	-----	-----	-----
	£999,906	£884,815	£869,285	£757,018
	=====	=====	=====	=====

JETSET EUROPE LIMITED AND SUBSIDIARY UNDERTAKINGNOTES TO THE ANNUAL ACCOUNTS (continued)

	The group		The company	
	1995	1994	1995	1994
17. DIRECTORS EMOLUMENTS				
The chairman and the highest paid director	£58,708 =====	£59,613 =====	£58,708 =====	£59,513 =====
The number of other directors whose emoluments fell within the following ranges were:				
Nil - £5,000	2	2	2	2