

JETSET EUROPE PLC

(formerly Jetset Europe Limited)

Company number :

02223775

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ANNUAL ACCOUNTS

for the year ended 31st October 1997



MOORES ROWLAND

MANCHESTER

JETSET EUROPE PLC

Directors: J.W. Bond - Canada
D.M. Grant - Australia
K.M. McQualter - Australia

DIRECTORS REPORT

The directors present their annual report and the accounts for the year ended 31st October 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company was that of a tour operator.

On 30th May 1997, the company registered as a public limited company and changed its name from Jetset Europe Limited to Jetset Europe plc. 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.

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 (1996: £ Nil).

FIXED ASSETS

The movement in fixed assets are as shown in note 8 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) follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- d) 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 PLC

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.

30th January 1998.

By order of the Board



J. Bond
Chairman

AUDITORS REPORT TO THE MEMBERS OF

JETSET EUROPE PLC

We have audited the accounts on pages 4 to 14.

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.

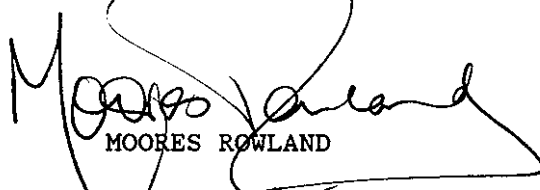
BASIS OF OPINION

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 affairs at 31st October 1997 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

Manchester.

2nd February 1998.

JETSET EUROPE PLCPROFIT AND LOSS ACCOUNTfor the year ended 31st October 1997

	Notes	£	1996 £
TURNOVER			
Continuing operations	2	36,145,920	26,634,326
Acquisitions		-	8,953,090
		-----	-----
		36,145,920	35,587,416
Cost of sales		32,829,773	32,971,730
		-----	-----
GROSS PROFIT		3,316,147	2,615,686
Net operating expenses	3	3,435,253	2,838,568
		-----	-----
		(119,106)	(222,882)
Other operating income	4	268,226	367,756
		-----	-----
OPERATING PROFIT		149,120	144,874
Interest payable	5	13,164	5,241
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	135,956	139,633
Tax on profit on ordinary activities	7	31,079	39,064
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		104,877	100,569
		-----	-----
RETAINED PROFIT FOR THE YEAR		104,877	100,569
Retained profit brought forward		221,651	121,082
		-----	-----
RETAINED PROFIT CARRIED FORWARD		£326,528	£221,651
		=====	=====

All of the company's operations are continuing.

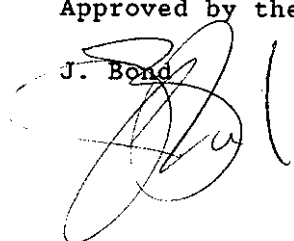
All recognised gains and losses are included in the profit and loss account.

JETSET EUROPE PLCBALANCE SHEETas at 31st October 1997

	Notes	£	£	1996 £
FIXED ASSETS				
Tangible	8		397,540	332,440
Intangible	9		16,000	20,000
Investments	10		-	30,000
			-----	-----
			413,540	382,440
CURRENT ASSETS				
Debtors	11	3,881,244	5,305,936	
Cash at bank and in hand		1,493,469	430,969	
		-----	-----	
		5,374,713	5,736,905	
CREDITORS - amounts falling due within one year	12	4,878,796	5,319,868	
		-----	-----	
NET CURRENT ASSETS			495,917	417,037
			-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES			909,457	799,477
CREDITORS - amounts falling due after more than one year	13	363,129	367,726	
PROVISION FOR LIABILITY				
Deferred taxation		19,800	10,100	
		-----	-----	
			382,929	377,826
			-----	-----
			£526,528	£421,651
			=====	=====
CAPITAL AND RESERVES				
Share capital	14		200,000	200,000
Revenue reserves	15		326,528	221,651
			-----	-----
Shareholders funds	15		£526,528	£421,651
			=====	=====

Approved by the board on 30th January 1998:

J. Bond



JETSET EUROPE PLCCASH FLOW STATEMENTfor the year ended 31st October 1997

	£	1996 £
Net cash (outflow)/inflow from operating activities	1,164,908	(1,157,706)
Returns on investments and servicing of finance	(8,938)	27,515
Taxation	(27,598)	(10,144)
Capital expenditure and financial investment	(164,645)	(219,575)
Acquisitions and disposals	30,000	-
Cash (outflow)/inflow before management of liquid resources and financing	993,727	(1,359,910)
Financing	68,773	147,215
Increase/(Decrease) in cash	£1,062,500	£(1,212,695)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£	1996 £
Increase/(Decrease) in cash in the period	1,062,500	(1,212,695)
Cash (inflow)/outflow from increase in debt and lease financing	(68,773)	(147,215)
Movement in net debt in the period	993,727	(1,359,910)
Net (debt)/fund at 1st November 1996	21,229	1,381,139
Net (debt)/fund at 31st October 1997	£1,014,956	£21,229

Further information is included in note 16 to the accounts.

JETSET EUROPE PLCNOTES TO THE ANNUAL ACCOUNTS

1. ACCOUNTING POLICIES

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

DEPRECIATION OF TANGIBLE FIXED ASSETS

Fixed assets have been depreciated by the straight line 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%

INTANGIBLE FIXED ASSETS

The company depreciates acquired goodwill over a maximum period of five years from the end of the year of acquisition.

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 net of Value Added Tax and trade discounts.

FOREIGN CURRENCIES

Foreign currency assets and liabilities have been translated at the rates ruling at the balance sheet date. The profit and loss account has been translated using the average rate throughout the year.

JETSET EUROPE PLCNOTES TO THE ANNUAL ACCOUNTS (continued)

2. TURNOVER

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

	1997 £	1996 £
The geographical analysis is as follows:		
Sales to United Kingdom	36,050,886	35,519,352
Rest of Europe	95,034	68,064
	-----	-----
	£36,145,920	£35,587,416
	=====	=====

3. NET OPERATING EXPENSES

Administrative costs	£3,435,253	£2,838,568
	=====	=====

4. OTHER OPERATING INCOME

Insurance claims on consequential loss of profits	264,000	335,000
Interest receivable	4,226	32,756
	-----	-----
	£268,226	£367,756
	=====	=====

5. INTEREST PAYABLE

Hire purchase interest	£13,164	£5,241
	=====	=====

6. PROFIT ON ORDINARY ACTIVITIES

Profit on ordinary activities has been arrived at after charging:

Depreciation of fixed assets	99,519	66,917
Directors' emoluments	65,030	62,204
Directors' pension contribution	6,888	5,818
Auditors' remuneration - audit	12,500	12,500
- other services	1,940	1,495
Operating lease rentals - plant	87,656	30,106
- other	102,474	65,211
	=====	=====

7. TAXATION

The charge for the year, at current rates of corporation tax, is as follows:

On the profit for the year	24,000	33,200
Under/(Over)provision in earlier years	(2,621)	64
Deferred taxation	9,700	5,800
	-----	-----
	£31,079	£39,064
	=====	=====

JETSET EUROPE PLC

NOTES TO THE ANNUAL ACCOUNTS (continued)

8. TANGIBLE FIXED ASSETS

COST	Leasehold Improvements £	Computer, Fixtures & Equipment £	Motor Vehicles £	TOTAL £
At 1st November 1996	16,721	400,192	49,801	466,714
Additions	-	165,244	-	165,244
	-----	-----	-----	-----
	16,721	565,436	49,801	631,958
Disposals	-	-	(1,000)	(1,000)
	-----	-----	-----	-----
At 31st October 1997	16,721	565,436	48,801	630,958
	=====	=====	=====	=====
DEPRECIATION				
At 1st November 1996	5,577	103,480	25,217	134,274
Provided this year	1,393	86,829	11,297	99,519
	-----	-----	-----	-----
	6,970	190,309	36,514	233,793
Eliminated on disposals	-	-	(375)	(375)
	-----	-----	-----	-----
At 31st October 1997	6,970	190,309	36,139	233,418
	=====	=====	=====	=====
NET BOOK VALUE				
At 1st November 1996	£11,144	£296,712	£24,584	£332,440
	=====	=====	=====	=====
At 31st October 1997	£9,751	£375,127	£12,662	£397,540
	=====	=====	=====	=====

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

	Computer, Fixtures & Equipment £	Motor Vehicles £	TOTAL £
Net book value at 31st October 1997	£260,707	£3,958	£264,665
Net book value at 31st October 1996	£180,265	£6,333	£186,598
Depreciation charge for the year	£43,773	£2,375	£46,148
Depreciation charge for 1996	£17,898	£2,375	£20,273
	=====	=====	=====

9. INTANGIBLE FIXED ASSETS

	1997 £	1996 £
Goodwill at cost at 1st November 1996		
and at 31st October 1997	20,000	20,000
Amortisation during the year	4,000	-
	-----	-----
Net book value at 31st October 1997	£16,000	£20,000
	=====	=====

Goodwill arising on the acquisition of the business of AFB Travel Limited, a business travel house and consolidator.

JETSET EUROPE PLCNOTES TO THE ANNUAL ACCOUNTS (continued)

	1997 £	1996 £
10. FIXED ASSET INVESTMENTS		
Investment in subsidiary at cost	£ Nil =====	£30,000 =====

During the year the company disposed of its investment of Jetset Tours (Deutschland) GmbH, which was a wholly owned subsidiary undertaking registered in Germany, whose principal activity is a tour operator.

11. DEBTORS

Trade debtors	3,152,969	4,042,938
Amounts due from subsidiary undertakings	-	47,450
Taxation	101,819	228,510
Other debtors	348,185	748,030
Prepayments and accrued income	278,271	239,008
	-----	-----
	£3,881,244	£5,305,936
	=====	=====

12. CREDITORS - amounts falling due within one year

Trade creditors	4,614,826	5,046,056
Taxation and social security	70,040	70,973
Hire purchase	115,384	42,014
Accruals and deferred income	78,546	160,825
	-----	-----
	£4,878,796	£5,319,868
	=====	=====

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

Subordinated loan	239,000	239,000
Hire purchase	109,129	113,726
Directors loan account	15,000	15,000
	-----	-----
	£363,129	£367,726
	=====	=====

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

14. SHARE CAPITAL

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
	=====	=====

JETSET EUROPE PLCNOTES TO THE ANNUAL ACCOUNTS (continued)

	1997 £	1996 £
15. SHAREHOLDERS FUNDS AND RESERVES		
a) Reconciliation of movements on shareholders funds:		
Profit for the year	104,877	100,569
Opening shareholders funds	421,651	321,082
	-----	-----
Closing shareholders funds	£526,528	£421,651
	=====	=====
b) Reserves		Revenue £
At 1st November 1996		221,651
Transfer of profit		104,877

At 31st October 1997		£326,528
		=====
16. NOTES TO THE CASH FLOW STATEMENT		
a) Reconciliation of operating profit to operating cash flows		
Operating profit	144,894	112,118
Depreciation charge	99,519	66,917
Amortisation of goodwill	4,000	-
(Profit)/Loss on sale of tangible fixed assets	25	(92,826)
	-----	-----
	248,438	86,209
	-----	-----
(Increase)/Decrease in debtors	1,424,692	(2,810,581)
Increase/(Decrease) in creditors	(508,222)	1,566,666
	-----	-----
	916,470	(1,243,915)
	-----	-----
NET CASH INFLOW/(OUTFLOW)	£1,164,908	£(1,157,706)
	=====	=====

JETSET EUROPE PLCNOTES TO THE ANNUAL ACCOUNTS (continued)

	1997 £	1996 £
16. NOTES TO THE CASH FLOW STATEMENT (continued)		
b) Gross cash flows		
Returns on investments and servicing of finance		
Interest received	4,226	32,756
Interest paid	(13,164)	(5,241)
	-----	-----
	£(8,938)	£27,515
	=====	=====
Capital expenditure		
Payments to acquire tangible fixed assets	(165,245)	(292,402)
Receipts from sales of tangible fixed assets	600	92,827
Acquisition of goodwill	-	(20,000)
	-----	-----
	£(164,645)	£(219,575)
	=====	=====
Financing		
Capital element of finance leases	£68,773	£147,215
	=====	=====

	At 1st November 1996 £	Cash flow £	Other changes £	At 31st October 1997 £
c) Analysis of net debt				
Cash at bank and in hand	430,969	1,062,500		1,493,469

		1,062,500		

Debt due within 1 year	(42,014)	(73,370)		(115,384)
Debt due after 1 year	(367,726)	4,597		(363,129)

		(68,773)		

	-----	-----	-----	-----
	£21,229	£993,727	£ Nil	£1,014,956
	=====	=====	=====	=====

JETSET EUROPE PLCNOTES TO THE ANNUAL ACCOUNTS (continued)

17. 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:

	1997 £	1996 £
i) Leases on land and buildings		
Expiring in the first year	43,250	-
Expiring in the second to fifth years	12,540	43,250
Expiring after five years	33,000	45,540
	-----	-----
	88,790	88,790
	-----	-----
ii) Other leases		
Expiring in the second to fifth years	72,280	60,888
	-----	-----
Total commitment	£161,070	£149,678
	=====	=====

18. DIRECTORS AND OTHER EMPLOYEES

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

Selling	99	79
Administration	43	37
	---	---
	142	116
	===	===

Staff costs include the following:

	£	£
Wages and salaries	1,618,200	1,348,789
Social security costs	147,221	123,752
Other pension costs	7,248	7,378
	-----	-----
	£1,772,669	£1,479,919
	=====	=====

Retirement benefits are accruing to one director under a money purchase arrangement.

JETSET EUROPE PLC

NOTES TO THE ANNUAL ACCOUNTS (continued)

19. CONTROL

The ultimate controlling party is Mr. J. Bond by virtue of his directorship and shareholding.

20. RELATED PARTY TRANSACTIONS

Mr. J. Bond, by virtue of his shareholding, is interested in contracts relating to:

- a) the sale of Jetset Tours (Deutschland) GmbH to Mr. J. Bond for £30,000;
- b) the supply of management services to Jetset Tours (Deutschland) GmbH amounting to £95,000.