

Jetset Europe Plc
Directors' Report and Accounts
Year ended 31 October 1998

Company Registration No. 02223775 (England and Wales)



Jetset Europe Plc

Company Information

Directors

J.W. Bond
K.M. McQualter

Secretary

H. Bond

Company number

02223775

Registered office

Amadeus House, 52 George Street
Manchester
England
M1 4HF

Auditors

Moores Rowland
Steam Packet House, 76 Cross Street
Manchester
M2 4JG

Jetset Europe Plc

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Jetset Europe Plc

Directors' Report Year ended 31 October 1998

The directors present their report and accounts for the year ended 31 October 1998.

Directors

The following directors have held office since 1 November 1997:

J.W. Bond
K.M. McQualter

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which 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 period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 which 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.

Principal activities and review of the business

The principal activity of the company continued to be that of a 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.

Results and dividends

The results for the year are set out on page 4.

Year 2000

We have taken all reasonable steps to ensure that our own and our suppliers' computer systems are Year 2000 compliant. We cannot, however, guarantee that there will be no disruption to holidays travelling over the new year 1999/2000 or afterwards.

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	'A' Ordinary of £1 each	
	31 October 1998	1 November 1997
J.W. Bond	140,000	140,000
K.M. McQualter	-	-

	'B' Ordinary of £1 each	
	31 October 1998	1 November 1997
J.W. Bond	60,000	-
K.M. McQualter	-	-

Jetset Europe Plc

Directors' Report

Year ended 31 October 1998

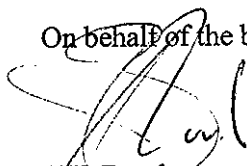
Creditor payment policy

The company does not have a formal code that it follows with regard to payments to suppliers. It agrees payment terms with its suppliers when it enters into binding purchase contracts for the supply of goods and services. The company seeks to abide by these payment terms when it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. At 31st October 1998 the amount of trade creditors shown in the balance sheet represents 28 days of average purchases for the company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Moores Rowland be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board



J.W. Bond

Director

11 February 1999

Jetset Europe Plc

Auditors' Report To the Shareholders of Jetset Europe Plc

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 as auditors to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

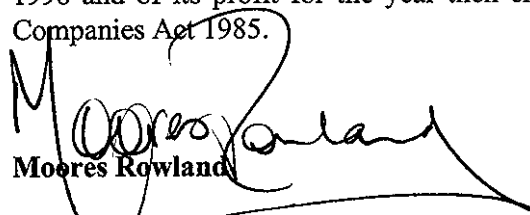
Basis of opinion

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 that 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 as at 31 October 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Moores Rowland
Chartered Accountants
Registered Auditors

Manchester

11 February 1999

Jetset Europe Plc

Profit and Loss Account Year ended 31 October 1998

	Notes	1998 £	1997 £
Turnover	2	46,644,325	36,145,920
Cost of sales		(42,061,406)	(32,829,773)
Gross profit		4,582,919	3,316,147
Administrative expenses		(4,553,877)	(3,530,288)
Other operating income		214,398	359,034
Operating profit	3	243,440	144,893
Other interest receivable and similar income	4	41,289	4,226
Interest payable and similar charges	5	(28,695)	(13,164)
Profit on ordinary activities before taxation		256,034	135,955
Tax on profit on ordinary activities	8	(59,733)	(31,079)
Profit for the year	16	196,301	104,876

The profit and loss account has been prepared on the basis that all operations are continuing operations.


There are no recognised gains and losses other than those passing through the profit and loss account.

Jetset Europe Plc

Balance Sheet As at 31 October 1998

	Notes	£	1998 £	£	1997 £
Fixed assets					
Intangible assets	9		12,883		16,000
Tangible assets	10		464,942		397,540
			<u>477,825</u>		<u>413,540</u>
Current assets					
Debtors	11	3,368,483		3,881,244	
Cash at bank and in hand		2,095,590		1,493,469	
		<u>5,464,073</u>		<u>5,374,713</u>	
Creditors: amounts falling due within one year	12	(5,022,256)		(4,878,796)	
Net current assets			<u>441,817</u>		<u>495,917</u>
Total assets less current liabilities			<u>919,642</u>		<u>909,457</u>
Creditors: amounts falling due after more than one year	13		(177,013)		(363,129)
Provisions for liabilities and charges	14		(19,800)		(19,800)
			<u>722,829</u>		<u>526,528</u>
Capital and reserves					
Called up share capital	15		200,000		200,000
Profit and loss account	16		522,829		326,528
Shareholders' funds - equity interests	17		<u>722,829</u>		<u>526,528</u>

The accounts were approved by the Board on 11 February 1999


J.W. Bond
Director

Jetset Europe Plc

Cash Flow Statement Year ended 31 October 1998

	Notes	1998 £	1997 £
Net cash inflow from operating activities	18	738,092	1,164,907
Returns on investments and servicing of finance			
Interest received	41,289	4,226	
Interest paid	(28,695)	(13,164)	
Net cash inflow/(outflow) for returns on investments and servicing of finance		12,594	(8,938)
Taxation		(23,733)	(27,598)
Capital expenditure			
Payments to acquire intangible assets	(1,000)		
Payments to acquire tangible assets	(201,721)	(165,244)	
Receipts from sales of tangible assets	5,670	779	
Net cash inflow/(outflow) for capital expenditure		(197,051)	(164,645)
Sale of subsidiary undertakings (net of cash acquired)	-	30,000	
Net cash outflow for acquisitions and disposals		-	30,000
Net cash inflow before management of liquid resources and financing		529,902	993,727
Capital element of hire purchase contracts	72,220	68,773	
Net cash outflow from financing		72,220	67,773
Increase in cash in the year	20	602,121	1,062,500

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Notes to the Accounts Year ended 31 October 1998

1 Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Goodwill

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

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Over the term of the lease.
Fixtures, fittings & equipment	20%
Motor vehicles	25%

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

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

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 Foreign currency translation

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

Jetset Europe Plc

Notes to the Accounts Year ended 31 October 1998

2 Turnover

Geographical market

	Turnover	
	1998	1997
	£	£
Sales to United Kingdom	46,644,325	36,050,886
Rest of Europe	-	95,034
	<u>46,644,325</u>	<u>36,145,920</u>

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

3 Operating profit

	1998	1997
	£	£
Operating profit is stated after charging:		
Amortisation of intangible assets	4,117	4,000
Depreciation of tangible assets	134,320	99,519
Operating lease rentals	236,187	190,130
Auditors' remuneration	15,350	19,500
Remuneration of auditors for non-audit work	3,235	1,940
	<u> </u>	<u> </u>

4 Other interest receivable and similar income

	1998	1997
	£	£
Bank interest	41,289	4,226
	<u> </u>	<u> </u>

5 Interest payable and similar charges

	1998	1997
	£	£
Hire purchase interest	28,695	13,164
	<u> </u>	<u> </u>

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Notes to the Accounts Year ended 31 October 1998

6 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1998 Number	1997 Number
Selling	115	99
Administration	42	43
	<u>157</u>	<u>142</u>

Employment costs

	£	£
Wages and salaries	2,006,585	1,618,200
Social security costs	179,648	147,221
Other pension costs	7,417	7,248
	<u>2,193,650</u>	<u>1,772,669</u>

7 Directors' emoluments

	1998 £	1997 £
Emoluments for qualifying services	84,103	65,030
Company pension contributions to money purchase schemes	7,417	6,888
	<u>91,520</u>	<u>71,918</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (1997 - 1).

8 Taxation

	1998 £	1997 £
U.K. current year taxation		
U.K. corporation tax at 21% (1997 - 23%)	60,000	24,000
Under/(Over) provision in earlier years	(267)	(2,621)
Deferred taxation	-	9,700
	<u>59,733</u>	<u>31,079</u>

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Notes to the Accounts Year ended 31 October 1998

9 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 November 1997	20,000
Additions	1,000
	<hr/>
At 31 October 1998	21,000
	<hr/>
Amortisation	
At 1 November 1997	4,000
Charge for year	4,117
	<hr/>
At 31 October 1998	8,117
	<hr/>
Net book value	
At 31 October 1998	12,883
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Notes to the Accounts Year ended 31 October 1998

10 Tangible fixed assets

	Land and buildings Leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 November 1997	16,721	565,436	48,800	630,957
Additions	-	195,477	6,245	201,722
Disposals	-	(769)	(8,580)	(9,349)
At 31 October 1998	16,721	760,144	46,465	823,330
Depreciation				
At 1 November 1997	6,971	190,308	36,138	233,417
On disposals	-	(769)	(8,579)	(9,348)
Charge for the year	1,393	123,913	9,013	134,319
At 31 October 1998	8,364	313,452	36,572	358,388
Net book value				
At 31 October 1998	8,357	446,692	9,893	464,942
At 31 October 1997	9,750	375,128	12,662	397,540

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Net book values			
At 31 October 1998	295,588	1,583	297,171
At 31 October 1997	260,707	3,958	264,665
Depreciation charge for the year			
31 October 1998	55,628	2,375	58,003
31 October 1997	43,773	2,375	46,148

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Notes to the Accounts Year ended 31 October 1998

11 Debtors	1998 £	1997 £
Trade debtors	3,048,759	3,152,969
Other debtors	148,490	450,004
Prepayments and accrued income	171,234	278,271
	<u>3,368,483</u>	<u>3,881,244</u>
 12 Creditors: amounts falling due within one year	 1998 £	 1997 £
Net obligations under finance lease and hire purchase contracts	134,720	115,384
Trade creditors	4,718,015	4,614,826
Corporation tax	60,000	24,000
Other taxes and social security costs	57,085	46,040
Accruals and deferred income	52,436	78,546
	<u>5,022,256</u>	<u>4,878,796</u>
 13 Creditors: amounts falling due after more than one year	 1998 £	 1997 £
Net obligations under finance leases and hire purchase agreements	162,013	109,129
Subordinated loan	-	239,000
Directors loan account	15,000	15,000
	<u>177,013</u>	<u>363,129</u>
 Net obligations under finance leases and hire purchase contracts		
Repayable within one year	134,720	115,384
Repayable between one and five years	162,013	109,129
	<u>296,733</u>	<u>224,513</u>
Included in liabilities falling due within one year	(134,720)	(115,384)
	<u>162,013</u>	<u>109,129</u>

Both the subordinated and directors loan accounts were previously irrevocable while the company held an air travel organisers licence. Written consent from the Civil Aviation Authority was received during the year which enabled the subordinated loan to be repaid.

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Notes to the Accounts Year ended 31 October 1998

14 Provisions for liabilities and charges

Deferred
taxation
£

Balance at 1 November 1997 & at 31 October 1998 19,800

Deferred tax is provided at 21% (1997 - 21%) analysed over the following timing differences:

Fully provided

1998 1997
£ £

Accelerated capital allowances 19,800 19,800

15 Share capital

1998 1997
£ £

Authorised

140,000 'A' Ordinary of £1 each 140,000 140,000

60,000 'B' Ordinary of £1 each 60,000 60,000

200,000 200,000

Allotted, called up and fully paid

140,000 'A' Ordinary of £1 each 140,000 140,000

60,000 'B' Ordinary of £1 each 60,000 60,000

200,000 200,000

16 Statement of movements on profit and loss account

£

Balance at 1 November 1997 326,528

Retained profit for the year 196,301

Balance at 31 October 1998 522,829

17 Reconciliation of movements in shareholders' funds

1998 1997
£ £

Profit for the financial year 196,301 104,876

Opening shareholders' funds 526,528 421,652

Closing shareholders' funds 722,829 526,528

Jetset Europe Plc

Notes to the Accounts Year ended 31 October 1998

18	Reconciliation of operating profit to net cash inflow from operating activities		1998	1997
			£	£
	Operating profit		243,440	144,893
	Depreciation of tangible assets		134,320	99,519
	Amortisation of intangible assets		4,117	4,000
	(Profit)/loss on disposal of tangible assets		(5,669)	25
	Decrease in debtors		512,761	1,424,692
	Increase/(decrease) in creditors within one year		(150,876)	(508,222)
	Net cash inflow from operating activities		738,092	1,164,907
19	Analysis of net (debt)/funds	1 November 1997	Cash flow	31 October 1998
		£	£	£
	Net cash:			
	Cash at bank and in hand	1,493,469	602,121	2,095,590
	Debt:			
	Finance leases	(224,513)	(72,220)	(296,733)
	Debts falling due after one year	(254,000)	239,000	(15,000)
		(478,513)	166,780	(311,733)
	Net funds/(debt)	1,014,956	768,901	1,783,857
20	Reconciliation of net cash flow to movement in net debt		1998	1997
			£	£
	Increase in cash in the year		602,121	1,062,500
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		166,780	(68,773)
	Movement in net funds in the year		768,901	993,727
	Opening net funds		1,014,956	21,229
	Closing net funds		1,783,857	1,014,956

Jetset Europe Plc

Notes to the Accounts **Year ended 31 October 1998**

21 Financial commitments

At 31 October 1998 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1998	1997	1998	1997
	£	£	£	£
Expiry date:				
Within one year	-	43,250	-	-
Between two and five years	12,540	12,540	114,260	72,280
In over five years	76,250	33,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	88,790	88,790	114,260	72,280
	<hr/>	<hr/>	<hr/>	<hr/>

22 Pension costs

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

23 Control

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