

INSPIRATIONS HOLIDAYS LIMITED

Registered No: 2577681

REPORT AND ACCOUNTS

AS AT

30TH SEPTEMBER 1995



INSPIRATIONS HOLIDAYS LIMITED

I N D E X

Page Number

1	- Directors and advisors
2 - 3	- Report of the directors
4	- Report of the auditors
5	- Profit and loss account
6	- Balance sheet
7 - 11	- Notes to the financial statements

INSPIRATIONS HOLIDAYS LIMITED

DIRECTORS AND ADVISORS

CHAIRMAN:

R J P Fatah

DIRECTORS:

R J P Fatah
P F Jackson
C R Vyse
S J Keay
E E Mullaney

COMPANY SECRETARY:

P K Ashton

REGISTERED OFFICE:

82 St John Street
London
EC1M 4JN

AUDITORS:

Menzies
Barley House
57 Church Street
Staines
Middlesex
TW18 4XS

PRINCIPAL BANKERS:

The Royal Bank of Scotland plc
32 St Giles
Oxford
OX1 3ND

SOLICITORS:

Field Fisher Waterhouse
41 Vine Street
London
EC3N 2AA

INSPIRATIONS HOLIDAYS LIMITED**REPORT OF THE DIRECTORS****YEAR ENDED 30TH SEPTEMBER 1995**

The directors have pleasure in submitting their report, together with the audited accounts of the company, for the year ended 30th September 1995.

Principal Activities

The principal activity of the company during the year under review, was the provision of travel related services.

Trading Results and Dividends

The company earned a profit before taxation in the accounting period of £1,000 (1994 - £32,000). The directors are confident that the company can continue to earn profits in the future.

There is no charge to taxation, due to the availability of tax losses brought forward from previous years.

The directors do not recommend the payment of a dividend for the year under review (1994 - £Nil). It is proposed to transfer the retained profit of £1,000 to reserves.

The accumulated deficit to be carried forward at 30th September 1995 totals £486,000 (1994 - £487,000).

Fixed Assets

Changes in fixed assets are shown in note 6 to the accounts.

Directors

The directors in office at 30th September 1995 are listed on page 1, all of whom served on the Board throughout the year.

Directors Interests

The company is a wholly owned subsidiary of Inspirations plc and accordingly no director has any interest in the share capital of the company. The interests of the directors, who are also directors of the parent undertaking, in the share capital of Inspirations plc, are disclosed in the financial statements of that company.

Businesses in which P F Jackson and C R Vyse have interests traded with the company on an arm's length basis. Payments made by the company amounted to £194,000 and £141,000 respectively.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

INSPIRATIONS HOLIDAYS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

YEAR ENDED 30TH SEPTEMBER 1995


- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements 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 financial statements 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.

Auditors

Hamiltons merged their practice with Menzies with effect from 1st May 1995. Menzies have expressed their willingness to continue in office as auditors and in accordance with Section 385(2) of the Companies Act 1985 a resolution proposing their re-appointment will be submitted to the forthcoming Annual General Meeting.

By Order of the Board

 P K Ashton
Secretary

5th January 1996

82 St John Street
London
EC1M 4JN

REPORT OF THE AUDITORS TO THE MEMBERS OF

INSPIRATIONS HOLIDAYS LIMITED

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on pages 2 and 3, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements 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 financial statements 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 financial statements give a true and fair view of the state of the company's affairs as at 30th September 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MENZIES
Chartered Accountants
Registered Auditor

Barley House
57 Church Street
Staines
Middlesex
TW18 4XS

Menzies

Sik
19th January 1996

INSPIRATIONS HOLIDAYS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH SEPTEMBER 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
TURNOVER	2	1,283	620
Administrative expenses		<u>1,282</u>	<u>588</u>
Operating profit from continuing operations before taxation	2	1	32
Tax on profit on ordinary activities	5	—	—
Retained profit for the year transferred to reserves	12	<u>1</u>	<u>32</u>

The company has no recognised gains or losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

Turnover and operating profit all derive from continuing operations.

The notes on pages 7 to 11 form part of these financial statements.

INSPIRATIONS HOLIDAYS LIMITED

BALANCE SHEET

AS AT 30TH SEPTEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£'000	£'000
FIXED ASSETS			
Investments	6	1,289	-
CURRENT ASSETS			
Debtors	7	1,559	824
Cash at bank and in hand		<u>3</u>	<u>6</u>
		1,562	830
CREDITORS: amounts falling due within one year	8	<u>2,443</u>	<u>423</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(881)</u>	<u>407</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>408</u>	<u>407</u>
CAPITAL AND RESERVES			
Called up share capital	10	652	652
Share premium	11	242	242
Profit and loss account	12	<u>(486)</u>	<u>(487)</u>
SHAREHOLDERS' FUNDS - EQUITY	13	<u>408</u>	<u>407</u>

Approved by the Board of Directors on 5th January 1996

P F Jackson - Director

The notes on pages 7 to 11 form part of these financial statements.

INSPIRATIONS HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 1995

1. ACCOUNTING POLICIES

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Basis of Preparation

The accounts are prepared under the historical cost convention.

The accounts are prepared in accordance with applicable accounting standards.

The company has taken advantage of its exemption under Financial Reporting Standard 1 not to prepare a cash flow statement. The consolidated financial statements of its parent undertaking include a cash flow statement dealing with cash flows of the group.

The company has also taken advantage of its exemption under Financial Reporting Standard 2 not to prepare consolidated accounts.

Deferred Taxation

Provision is made for deferred taxation on the liability method for all short-term timing differences. Provision is also made for long-term timing differences, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Such tax not provided for is disclosed as a contingent liability.

Corporate Overheads

Costs incurred on corporate overheads are written off to profit and loss account in the accounting period in which the related revenue will be receivable.

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before tax are wholly attributable to the company's principal activity, and arises entirely in the UK.

	<u>1995</u>	<u>1994</u>
	£'000	£'000
The profit is stated after charging:		
Auditors' remuneration	2	4
Directors' emoluments	536	212
Management charges payable	<u>105</u>	<u>-</u>

INSPIRATIONS HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 30TH SEPTEMBER 1995

3. DIRECTORS EMOLUMENTS

a) Directors' remuneration was as follows:	<u>1995</u>	<u>1994</u>
	£'000	£'000
Management remuneration	<u>536</u>	<u>212</u>
Details of directors' emoluments were as follows:		
Chairman and highest paid director	<u>220</u>	<u>156</u>
Emoluments of the other directors fell within the following bands:	No	No
£0 to £5,000	1	2
£50,001 to £55,000	-	1
£55,001 to £60,000	1	1
£105,001 to £110,000	1	-
£195,001 to £200,000	<u>1</u>	<u>-</u>

4. STAFF COSTS

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Staff costs, including directors' remuneration were as follows:		
Wages and salaries	588	253
Social security costs	<u>60</u>	<u>26</u>
	<u>648</u>	<u>279</u>

The average weekly number of employees during the year (including directors) were as follows:

	<u>1995</u>	<u>1994</u>
	No	No
Management	5	5
Administration	<u>2</u>	<u>2</u>
	<u>7</u>	<u>7</u>

5. TAXATION

There is no charge to UK corporation tax (1994 - £Nil) due to the availability of tax losses.

INSPIRATIONS HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 30TH SEPTEMBER 1995

6. INVESTMENTS

£'000

At 1st October 1994	-
Additions - Fellow subsidiary undertaking	1,129
- Option agreement	<u>160</u>
At 30th September 1995	<u>1,289</u>

Subsidiary and fellow subsidiary undertakings are as follows:

I T Travel Limited	- Preference shares only
Inspirations Air Limited	- Wholly owned
Inspirations Overseas Limited	- Wholly owned
Inspirations Travel Limited	- Wholly owned
Forth World Limited	- Wholly owned
Oger Tours (UK) Limited	- Wholly owned but dissolved 3rd October 1995

All companies are registered in England and Wales. Except for I T Travel Limited, all companies have been dormant since their respective acquisitions. The company owns the whole of the preference capital issued by I T Travel Limited. That company, which is also part of the Inspirations group, trades as retail travel agencies. Other than the additions in this year, as shown above, all investment costs have been fully provided.

On 13th June 1995, the company entered into an arrangement whereby it could acquire a controlling interest in a UK registered private limited company. Under the terms of this arrangement £160,000 was paid on 13th June 1995 and is to be followed by further payments of £53,333 on 1st November 1995, 1st November 1996 and 1st November 1997. Further sums may also be payable under the terms of an earn-out arrangement contained in this agreement. Unless agreed earlier by mutual consent, a controlling interest will not be obtained before 31st October 1997.

7. DEBTORS

1995
£'0001994
£'000

Trade debtors	1	1
Amounts owed by fellow subsidiary undertakings	1,225	725
Taxation and social security	14	-
Other debtors	2	77
Prepayments and accrued income	<u>317</u>	<u>21</u>
	<u>1,559</u>	<u>824</u>

All amounts included above are receivable within one year of the balance sheet date.

INSPIRATIONS HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 30TH SEPTEMBER 1995

8. CREDITORS: amounts falling due within one year

	<u>1995</u> £'000	<u>1994</u> £'000
Trade creditors	93	1
Taxes and social security cost	-	100
Amount due to fellow subsidiary undertakings	-	74
Amount due to parent undertaking	2,276	228
Accruals and deferred income	<u>74</u>	<u>20</u>
	<u>2,443</u>	<u>423</u>

9. PROVISION FOR LIABILITIES AND CHARGES

There is no deferred taxation liability due to the availability of tax losses from previous years.

10. SHARE CAPITAL

	<u>Authorised</u> No.	<u>Allotted, called up and fully paid</u> No.
Ordinary shares of £1 each	9,000,000	610,500
Non voting ordinary shares of £1 each	<u>1,000,000</u>	<u>42,288</u>
At 1st October 1994 and 30th September 1995	<u>10,000,000</u>	<u>652,788</u>

The different classes of share rank pari passu in all respects except that the holders of the non-voting ordinary shares shall not be entitled to receive notice of, attend or vote at general meetings of the company.

11. SHARE PREMIUM ACCOUNT

	<u>1995</u> £'000	<u>1994</u> £'000
1st October 1994 and 30th September 1995	<u>242</u>	<u>242</u>

The share premium account arises on the issue of the non-voting ordinary shares.

12. PROFIT AND LOSS ACCOUNT

	<u>1995</u> £'000	<u>1994</u> £'000
At 1st October 1994	(487)	(455)
Profit for the year	<u>1</u>	<u>32</u>
At 30th September 1995	<u>(486)</u>	<u>(487)</u>

INSPIRATIONS HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 30TH SEPTEMBER 1995

13.	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	<u>1995</u>	<u>1994</u>
		£'000	£'000
	Net addition to shareholders' funds		
	- profit for the year	1	32
	Shareholders' funds at 1st October 1994	<u>407</u>	<u>375</u>
	Shareholders' funds at 30th September 1995	<u>408</u>	<u>407</u>

14. CAPITAL COMMITMENTS

As detailed in note 6 above, the company is committed to making payments of £53,333 on 1st November 1995, 1st November 1996 and 1st November 1997 under the terms of an agreement to acquire a controlling interest in a UK registered private limited company.

15. CONTINGENT LIABILITIES

During the year under review the company entered into an unlimited cross guarantee with the holding company and fellow subsidiaries in respect of certain undertakings made to The Royal Bank of Scotland plc regarding the group's bonding arrangements with the Civil Aviation Authority.

16. ULTIMATE PARENT COMPANY

The directors consider the ultimate parent undertaking to be Inspirations plc, a company which is registered in England and Wales.