

GOLDCREST AVIATION LIMITED

Registered No: 2652767

REPORT AND ACCOUNTS

AS AT

30TH SEPTEMBER 1995



I N D E X

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GOLDCREST AVIATION LIMITED

DIRECTORS AND ADVISORS

CHAIRMAN: E E Mullaney

DIRECTORS: R J P Fatah
T J Graham
P F Jackson
P L G Wyatt
S Tomlinson
M Docherty

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
67 Lombard Street
London
EC3P 3DL

SOLICITORS: Rowe & Maw
20 Black Friars Lane
London
EC4V 6HD

GOLDCREST AVIATION 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 Activity

The company continued to expand its operations in the market for charter airline seats during the year selling approximately 3,440,000 seats (1994 - 3,044,000).

Trading Results and Dividends

The company earned a profit before taxation in the accounting period of £1,512,000 (1994 - £1,445,000). The directors are confident that the company can continue to earn profits in the future.

In August 1995 an interim dividend totalling £225,000 was paid to the parent company, Inspirations plc. The directors recommend a final dividend of £750,000.

The retained earnings to be carried forward at 30th September 1995 total £1,877,000 (1994 - £1,904,000).

Fixed Assets

Changes in fixed assets are shown in notes 9 and 10 to the accounts.

Directors

The directors in office of 30th September 1995 are listed on page 1. The directors who held office during the year are as follows:

R J P Fatah
 T J Graham
 P F Jackson
 P L G Wyatt
 E E Mullaney (appointed 31st March 1995)
 S Tomlinson (appointed 1st April 1995)
 M Docherty (appointed 1st April 1995)
 T Shacalis (resigned 23rd November 1994)
 J S Wyatt (resigned 9th December 1994)

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 interest 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. The interests of the remaining directors (including beneficial interests) were as follows:

	<u>Ordinary shares of 10 pence each</u>			
	<u>30th September 1995</u>		<u>30th September 1994</u>	
	<u>or date of resignation</u>		<u>or date of appointment</u>	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
T J Graham	949,796	1,000	692,300	1,000
S Tomlinson	-	5,000	-	5,000
M Doherty	-	10,000	-	10,000
T Shacalis	2,640,356	-	2,640,356	-
J S Wyatt	692,300	-	692,300	-

Businesses in which P F Jackson has interests traded with the company on an arm's length basis. Payments made by the company amounted to £10,000 (1994 - £Nil).

GOLDCREST AVIATION LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

YEAR ENDED 30TH SEPTEMBER 1995

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;
- 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 also 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.

Post Balance Sheet Event

On 1st October 1995, the ownership of the subsidiary, Air Charter Limited, was transferred to Inspirations plc.

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

GOLDCREST AVIATION LIMITED

YEAR ENDED 30TH SEPTEMBER 1995

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective Responsibilities of Directors and Auditors

As described on page 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.

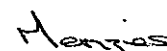
Basis of Opinion

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

5th January 1996

GOLDCREST AVIATION LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30TH SEPTEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£'000	£'000
TURNOVER	2	203,403	176,105
Cost of sales		<u>198,901</u>	<u>172,748</u>
Gross profit		4,502	3,357
Administrative expenses		<u>3,075</u>	<u>1,984</u>
Net operating profit		1,427	1,373
Interest receivable	5	144	93
Interest payable	6	<u>59</u>	<u>21</u>
		<u>85</u>	<u>72</u>
Profit on ordinary activities before taxation	2	1,512	1,445
Taxation	7	<u>(564)</u>	<u>(509)</u>
Profit on ordinary activities after taxation		948	936
Dividends	8	<u>(975)</u>	<u>(360)</u>
Retained (loss)/profit transferred to reserves	18	<u>(27)</u>	<u>576</u>

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

The notes on pages 7 to 15 form part of these financial statements.

GOLDCREST AVIATION LIMITED

BALANCE SHEET

AS AT 30TH SEPTEMBER 1995

	Notes	1995 £'000	1994 £'000
FIXED ASSETS			
Tangible assets	9	242	295
Investments	10	<u>200</u>	<u>200</u>
		442	495
CURRENT ASSETS			
Debtors	11	29,654	21,254
Cash at bank and in hand		<u>5,389</u>	<u>5,204</u>
		35,043	26,458
CREDITORS: amounts falling due within one year	12	<u>33,473</u>	<u>24,447</u>
Net current assets		<u>1,570</u>	<u>2,011</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,012	2,506
CREDITORS: amounts falling due after more than one year	13	(9)	(31)
PROVISIONS - liabilities and charges	15	<u>-</u>	<u>(12)</u>
NET ASSETS EMPLOYED		<u>2,003</u>	<u>2,463</u>
CAPITAL AND RESERVES			
EQUITY SHAREHOLDERS' FUNDS			
Called up share capital	16	63	63
Subordinated loans	17	-	433
Profit and loss account	18	<u>1,877</u>	<u>1,904</u>
		1,940	2,400
NON-EQUITY SHAREHOLDERS' FUNDS			
Called up share capital	16	<u>63</u>	<u>63</u>
		<u>2,003</u>	<u>2,463</u>

Approved by the Board of Directors on 5th January 1996

T J Graham - Director

The notes on pages 7 to 15 form part of these financial statements.

GOLDCREST AVIATION 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.

Accounting Conventions

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.

Turnover

Turnover represents the total amount receivable by the company from the sale of aircraft seats and other wholesale income, net of value added tax and trade discounts. Revenue and direct costs relating to this turnover are recognised on flight departures.

Depreciation

Depreciation is charged on the following bases to reduce the cost of the company's tangible fixed assets to their net realisable values over their estimated useful lives at the following rates:

Leasehold building	Period of lease
Computer equipment	20% and 33.33% straight line basis
Fixtures and fittings	25% straight line basis
Motor vehicles	25% straight line basis

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.

Foreign Exchange

Transactions denominated in foreign currencies are recorded at the rate of exchange set by the Federation of Tour Operators (FTO) for each season's programme. Assets and liabilities in foreign currencies are converted at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

GOLDCREST AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 30TH SEPTEMBER 1995

1. ACCOUNTING POLICIES (Continued)

Hire Purchase Contracts

Payments under operating leases are charged to the profit and loss account as incurred.

Assets financed under hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful economic lives.

Finance charges and interest in connection with hire purchase contracts are charged to the profit and loss account so as to give a constant periodic rate of charge.

Corporate Overheads

Costs incurred on corporate overheads are written off to the 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, that of specialist aircraft seat brokers and arises entirely in the UK.

The profit is stated after charging/(crediting):

	<u>1995</u> £'000	<u>1994</u> £'000
Operating lease rentals - land and buildings	52	-
Depreciation:		
Tangible fixed assets: Owned	80	60
: Leased	36	41
Loss/(profit) on foreign exchange	5	(110)
Auditors' remuneration - audit services	20	19
Auditors' remuneration - non audit services	3	-
Directors' emoluments (note 4)	466	209
Management charges receivable	<u>(257)</u>	<u>-</u>

GOLDCREST AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 30TH SEPTEMBER 1995

3. STAFF NUMBERS AND COSTS

- a) The aggregate payroll costs (including directors) were as follows:

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Wages and salaries	1,146	665
Social security costs	115	69
Other pension costs	<u>10</u>	<u>23</u>
	<u>1,271</u>	<u>757</u>

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

	<u>1995</u>	<u>1994</u>
	No	No
Management (Executive)	3	3
Management (Non-Executive)	3	3
Commercial and operational	9	10
Administrative	<u>16</u>	<u>14</u>
	<u>31</u>	<u>30</u>

4. DIRECTORS EMOLUMENTS

Directors' emoluments consisted of the following:

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Remuneration for management services	365	186
Performance related payments	100	-
Pension contributions	<u>1</u>	<u>23</u>
	<u>466</u>	<u>209</u>

The total remuneration of directors for the year was as follows:

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Chairman's emoluments	<u>-</u>	<u>-</u>
Highest paid director	<u>200</u>	<u>64</u>

The number of other directors who received remuneration in the following ranges was:

	<u>1995</u>	<u>1994</u>
	No	No
£0 to £5,000	1	2
£10,001 to £15,000	1	-
£25,001 to £30,000	2	-
£60,001 to £65,000	-	2
£195,001 to £200,000	<u>1</u>	<u>-</u>

GOLDCREST AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 30TH SEPTEMBER 1995

5. INTEREST RECEIVABLE

<u>1995</u>	<u>1994</u>
£'000	£'000
Bank deposit interest	
<u>144</u>	<u>93</u>

6. INTEREST PAYABLE

<u>1995</u>	<u>1994</u>
£'000	£'000
Bank loans and overdrafts	6
Other loans repayable within 5 years	5
Finance charges	10
Overdue corporation tax	-
<u>59</u>	<u>21</u>

7. TAXATION

The tax charge on the profit on ordinary activities
for the year was as follows:

<u>1995</u>	<u>1994</u>
£'000	£'000
UK corporation tax at a rate of 33% (1994 - 33%)	484
Deferred taxation (note 15)	<u>12</u>
511	496
Taxation underprovided in previous years:	
Corporation tax	<u>13</u>
<u>564</u>	<u>509</u>

8. DIVIDENDS

<u>1995</u>	<u>1994</u>
£'000	£'000
Ordinary dividends	
Interim dividend paid	360
Final dividend payable	-
<u>750</u>	
<u>975</u>	<u>360</u>

GOLDCREST AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 30TH SEPTEMBER 1995

9. TANGIBLE FIXED ASSETS

	<u>Leasehold Buildings</u> £'000	<u>Computer Equipment</u> £'000	<u>Fixtures Fittings</u> £'000	<u>Vehicles</u> £'000	<u>Total</u> £'000
COST					
At 1st October 1994	17	210	52	201	480
Additions	-	87	6	-	93
Disposals	-	-	-	(56)	(56)
At 30th September 1995	<u>17</u>	<u>297</u>	<u>58</u>	<u>145</u>	<u>517</u>
DEPRECIATION					
At 1st October 1994	5	90	20	70	185
Disposals	-	-	-	(26)	(26)
Charge for the year	<u>6</u>	<u>59</u>	<u>15</u>	<u>36</u>	<u>116</u>
At 30th September 1995	<u>11</u>	<u>149</u>	<u>35</u>	<u>80</u>	<u>275</u>
NET BOOK VALUE					
At 30th September 1995	<u>6</u>	<u>148</u>	<u>23</u>	<u>65</u>	<u>242</u>
At 30th September 1994	<u>12</u>	<u>120</u>	<u>32</u>	<u>131</u>	<u>295</u>

Net book value of assets held under hire purchase agreement as at 30th September 1995 was £65,000 (1994 - £132,000).

10. INVESTMENTS

	<u>1995</u> £'000	<u>1994</u> £'000
Investments in subsidiary undertakings	<u>200</u>	<u>200</u>

Details of the investments all of which are held by Goldcrest Aviation Limited, where the company holds more than 10% of the nominal value of any class of share capital, are as follows:

<u>Name of Company</u>	<u>Country of Incorporation</u>	<u>Holding</u>	<u>Proportion Held</u>	<u>Nature of Business</u>
Air Charter Limited	England & Wales	Ordinary shares	100%	Seat broking
Goldcrest International Charters Limited	England & Wales	Ordinary shares	100%	Non-trading

On 1st October 1995, the ownership of the subsidiary, Air Charter Limited, was transferred to Inspirations plc.

GOLDCREST AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 30TH SEPTEMBER 1995

11. DEBTORS	<u>1995</u> £'000	<u>1994</u> £'000
Trade debtors	12,126	4,159
Amounts owed by fellow subsidiary undertakings	150	875
Social security and other taxes	66	131
Other debtors	3,043	401
Prepayments and deferred costs	1,320	829
Deposits on future flying	12,949	14,814
Advance corporation tax	-	45
	<u>29,654</u>	<u>21,254</u>

Included in debtors is £35,000 in respect of overdrawn directors' current accounts (P L G Wyatt - £23,000, T J Graham - £12,000); such sums are also the maximum balance outstanding during the year.

12. CREDITORS: Amounts falling due within one year	<u>1995</u> £'000	<u>1994</u> £'000
Bank loans and overdrafts	468	496
Obligations under lease and hire purchase contracts (note 14)	23	56
Trade creditors	9,353	10,890
Corporation tax	521	484
Other taxes and social security costs	83	31
Other creditors	1,853	-
Owed to fellow subsidiary undertakings	20,586	4,180
Accruals	-	71
Deposits on future flying	586	8,194
Advance corporation tax	-	45
	<u>33,473</u>	<u>24,447</u>

13. CREDITORS: Amounts falling due after more than one year	<u>1995</u> £'000	<u>1994</u> £'000
Obligations under lease and hire purchase contracts (note 14)	<u>9</u>	<u>31</u>

14. LEASE AND HIRE PURCHASE CONTRACTS

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	<u>1995</u> £'000	<u>1994</u> £'000
Falling due within one year	23	56
Over one year: second to fifth year inclusive	<u>9</u>	<u>31</u>
	<u>32</u>	<u>87</u>

GOLDCREST AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 30TH SEPTEMBER 1995

15. PROVISIONS - LIABILITIES AND CHARGES

Deferred taxation provided in the financial statements and the total potential liability, including the amount provided are set out below.

	<u>Amount Provided</u>		<u>Potential Liability</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£'000	£'000	£'000	£'000
Accelerated capital allowances	<u>-</u>	<u>12</u>	<u>-</u>	<u>12</u>
	<u>-</u>	<u>12</u>	<u>-</u>	<u>12</u>

16. SHARE CAPITAL

	<u>Authorised</u>	<u>Issued, Called up</u>
	No	and Fully Paid
		£
Equity:		
Ordinary shares of £1 each	318,000	63,000
Non-equity:		
Deferred ordinary shares of £1 each	<u>182,000</u>	<u>63,000</u>
	<u>500,000</u>	<u>126,000</u>

The holders of the ordinary shares are entitled to a dividend of £100,000 per share before the holders of the deferred shares are entitled to a dividend of £0.01 per share. On any return of assets on liquidation, reduction of capital or otherwise, the surplus assets remaining, after payment of liabilities, shall be applied to the holders of the ordinary shares first in paying an amount of £100,000 per share before the holders of the deferred shares are entitled to receive an amount of £0.01 per share. Subject thereto, any balance of assets shall belong to the holders of the ordinary shares. The holders of the deferred shares shall have no right to receive notice of, attend, speak or vote at any general meeting of the company.

17. SUBORDINATED LOANS

The companies providing the subordinated loans are registered in the UK.

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Inspirations Holidays Limited	-	220
Champion Holdings Limited	<u>-</u>	<u>213</u>
	<u>-</u>	<u>433</u>

18. PROFIT AND LOSS ACCOUNT

	<u>1995</u>	<u>1994</u>
	£'000	£'000
At 1st October 1994	1,904	1,328
(Loss)/profit for the financial year	<u>(27)</u>	<u>576</u>
At 30th September 1995	<u>1,877</u>	<u>1,904</u>

GOLDCREST AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 30TH SEPTEMBER 1995

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1995</u>	<u>1994</u>
	£'000	£'000
(Loss)/profit for the financial year	(27)	576
Repayment of subordinated loans	(433)	-
(Decrease)/increase in shareholders' funds	(460)	576
Shareholders' funds at 1st October 1994	<u>2,463</u>	<u>1,887</u>
Shareholders' funds at 30th September 1995	<u>2,003</u>	<u>2,463</u>

20. COMMITMENTS

Capital

Whilst the company has signed substantial broking contracts the directors do not envisage any circumstances where it could be exposed to a financial obligation in the event of a failure of a tour operator.

Operating Leases

As at 30th September 1995, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and Building
	£'000
Expiring between two and five years	<u>65</u>

21. CONTINGENT LIABILITIES

- a) The company has entered into unlimited cross guarantees and indemnities given in respect of the group's bonding and banking requirements.
- b) The liquidators of Ambassador Airways Limited ("Ambassador") issued proceedings against Goldcrest Aviation Limited (Goldcrest) in January 1995. The proceedings relate to the relationship between Goldcrest and Ambassador during the summer 1994 season, when Goldcrest collected payments from tour operators on Ambassador's behalf and incurred substantial expenses on behalf of Ambassador which it deducted from its remittances. In the claim, Goldcrest was owed a net amount of £1,155,000 and are claiming that a legal right of set off existed. In the year under review this net receivable balance has been reduced to £500,000, which is carried in debtors. Under the legal right of set off, this debtor will be set against a similar balance shown as a creditor due to the Ambassador Group in the accounts of Inspirations plc.

No provision has been included in these financial statements for any part of the claim made by the liquidators of Ambassador as the directors consider, having received legal advice, that it is likely that the claim will be successfully defended.

GOLDCREST AVIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 30TH SEPTEMBER 1995

22. PENSIONS

The company operates defined contribution schemes for the benefit of some directors and employees.

23. ULTIMATE PARENT COMPANY

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