

AMERICAN & WORLDWIDE TRAVEL LTD
(formerly AA 2000 UK Limited)

DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS

Year ended 30 September 1999

Company No: 2729585

I N Mokhtar & Co
Chartered Accountants
7 Chartfield
Woodland Drive
Hove, East Sussex
BN3 7RD



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AMERICAN & WORLDWIDE TRAVEL LTD
(formerly AA 2000 UK Limited)

REPORT OF THE DIRECTORS

Year ended 30 September 1999

The Directors present their report on the affairs of the company and its audited financial statements for the year ended 30 September 1999.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company during the year remained the sale and booking of tours and holidays, as reflected in the profit and loss account. The results for the year reflect the difficult trading conditions and the interruption in business resulting from the development of new purpose-designed premises in Tunbridge Wells. As part of management's plan to return the company to profitability, a new brochure has been developed for the forthcoming season. On 17 February 1999 the company changed its name from AA 2000 UK Limited to American & Worldwide Travel Ltd.

RESULTS AND DIVIDENDS

The results for the year are as shown in the Profit and Loss Account on Page 6. The directors do not recommend the payment of a dividend and the accumulated deficit on the Profit and Loss Account of £101,854 will be carried forward.

BOARD OF DIRECTORS

The following directors have served during the year and their interests in the company's shares are as shown below:

	<u>Number of £1 Ordinary shares held</u>	
	30 September 1999	1 October 1998
Mr M Williams	57,600	10,650
Mr D I J Stitt	-	21,950
Mrs M Williams (appointed 15 February 1999)	-	-
Mr N Williams (appointed 15 July 1999)	-	-

FIXED ASSETS

The movement in fixed assets of the company during the year is as shown in Note 6 to the financial statements.

AMERICAN & WORLDWIDE TRAVEL LTD
(formerly AA 2000 UK Limited)

REPORT OF THE DIRECTORS

Year ended 30 September 1999

SHARE CAPITAL

On 27 May 1999 the company increased its authorised share capital by 25,000 ordinary shares of £1 each and issued 15,000 as fully paid, in order to increase the funds available to the company.

AUDITORS

Messrs I N Mokhtar & Co., Chartered Accountants, have indicated their willingness to continue in office. A resolution to this effect will be proposed at the Annual General Meeting.

On behalf of the Board

A handwritten signature in dark ink, appearing to read 'M Williams', is enclosed within a faint, hand-drawn rectangular box.

M Williams – Director

Registered Office:
101 Mount Pleasant Road
Tunbridge Wells
Kent TN1

10 January 2000

AMERICAN & WORLDWIDE TRAVEL LTD
(formerly AA 2000 UK Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN CONNECTION WITH ACCOUNTS AND RECORDS

For the year ended 30 September 1999

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss 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;
- 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 which will 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 taking reasonable steps for the prevention of fraud and other irregularities.

I N MOKHTAR & CO

CHARTERED ACCOUNTANTS

REGISTERED AUDITORS

7 Chartfield . Hove . East Sussex . BN3 7RD

Telephone (01273) 561195 . Facsimile (01273) 882889

REPORT OF THE AUDITORS

TO THE MEMBERS OF AMERICAN & WORLDWIDE TRAVEL LTD

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

Respective Responsibilities of the Directors and Auditors

As described in Page 3, the 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 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 an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements 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 misstatements, 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 financial statements.

Going Concern

In forming our opinion we have considered the effect of accumulated losses as shown in the balance sheet and the contents of Note 13 to the financial statements. In view of the significant amount of these losses, we consider that the matter should be brought to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company

(continued)

**REPORT OF THE AUDITORS
TO THE MEMBERS OF AMERICAN & WORLDWIDE TRAVEL LTD
(continued)**

at 30 September 1999 and of its result for the year then ended and have been properly prepared in accordance with Companies Act 1985.

I N Mokhtar & Co.

I N Mokhtar & Co.
Chartered Accountants
and Registered Auditor

10 January 2000

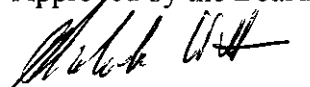
AMERICAN & WORLDWIDE TRAVEL LTD
(formerly AA 2000 UK Limited)

BALANCE SHEET

At 30 September 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Tangible assets	6	2,066	1,115
		<hr/>	<hr/>
CURRENT ASSETS			
Prepayments		66,030	52,177
Accounts receivable:			
Trade Debtors	7	1,383	34,956
Other		-	6,196
Cash at Bank		42,717	5,772
		<hr/>	<hr/>
		110,130	99,101
		<hr/>	<hr/>
CREDITORS: amounts falling due within one year:			
Customer deposits		118,956	60,234
Accounts payable:			
Trade creditors	7	2,241	14,607
Other creditors		4,210	4,932
Social security and other taxes		2,643	1,738
		<hr/>	<hr/>
		128,050	81,511
		<hr/>	<hr/>
NET CURRENT (LIABILITIES)/ASSETS		(17,920)	17,590
		<hr/>	<hr/>
TOTAL NET ASSETS		<u>£(15,854)</u>	<u>£18,705</u>
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	8	57,600	42,600
Share premium		28,400	23,400
Profit and loss account		(101,854)	(47,295)
		<hr/>	<hr/>
TOTAL SHAREHOLDERS' FUNDS	9	<u>£(15,854)</u>	<u>£18,705</u>

Approved by the Board on 10 January 2000


M Williams – Director

The attached Notes 1 to 13 form part of these financial statements

AMERICAN & WORLDWIDE TRAVEL LTD
(formerly AA 2000 UK Limited)

PROFIT AND LOSS ACCOUNT

Year ended 30 September 1999

	Note	1999 £	1998 £
TURNOVER-continuing operations	2	1,036,318	1,113,959
COST OF SALES		950,986	990,490
		<hr/>	<hr/>
		85,332	123,469
Administrative expenses		136,060	135,826
		<hr/>	<hr/>
OPERATING LOSS - continuing operations		(50,728)	(12,357)
Interest payable and similar charges		4,004	9,363
		<hr/>	<hr/>
		(54,732)	(21,720)
Sundry income – Bank interest		173	866
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES, before taxation		(54,559)	(20,854)
TAXATION	5	-	-
		<hr/>	<hr/>
NET LOSS FOR THE YEAR		(54,559)	(20,854)
DEFICIT brought forward		(47,295)	(26,441)
		<hr/>	<hr/>
DEFICIT carried forward	9	<u>£(101,854)</u>	<u>£(47,295)</u>

There are no gains or losses other than in the profit and loss account for the above two years.
All amounts arise from continuing operations

The attached Notes 1 to 13 form part of these financial statements

AMERICAN & WORLDWIDE TRAVEL LTD
(Formerly AA 2000 UK Limited)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 1999

1. COMPANY'S BUSINESS

The company's principal activity is that of a travel agency.

2. ACCOUNTING POLICIES

Basis of Accounting

The company's financial statements are prepared under the historical cost convention, on a going concern basis, and in accordance with applicable accounting standards.

Recognition of Income and Expenses

Income and expenses are recognised on an accruals basis. Receipts and payments relating to bookings where travel has not commenced by the balance sheet date are treated respectively as customer deposits and advance payments to suppliers.

Depreciation

Fixed assets are depreciated over five years at 20% per annum in equal annual instalments.

Foreign Currencies

Transactions denominated in foreign currencies are translated into Sterling at the rates ruling at the date of the transactions. All translation differences are dealt with in the profit and loss account.

Cash Flow Statement

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from producing a cash flow statement on the grounds that it is a small company.

Pensions

The company operates a defined contribution scheme for one director (see Note 11).

AMERICAN & WORLDWIDE TRAVEL LTD
(Formerly AA 2000 UK Limited)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 1999

3. OPERATING LOSS FOR THE YEAR

The operating loss for the year has been arrived at after charging:

	1999 £	1998 £
Depreciation	765	1,222
Auditors' fees	1,450	1,000
Auditors' other remuneration	1,400	2,901
Staff costs (Note 4)	<u>84,116</u>	<u>81,340</u>

4. STAFF COSTS

Staff costs were paid in respect of:

Wages and salaries	77,032	73,536
Social security costs	6,743	6,441
Pension costs (Note 11)	341	1,363
	<u>£84,116</u>	<u>£81,340</u>

The average weekly number of employees was 7 (1998 – 6) excluding directors.

5. TAXATION

No taxation arises due to the accumulated tax losses.

AMERICAN & WORLDWIDE TRAVEL LTD
(Formerly AA 2000 UK Limited)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 1999

6. FIXED ASSETS

	Office Furniture	Office Equipment	Total
Cost	£	£	£
At 1 October 1998	1,377	4,727	6,104
Additions	336	2,065	2,401
Disposals	(1,521)	(3,157)	(4,678)
	<hr/>	<hr/>	<hr/>
At 30 September 1999	192	3,635	3,827
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 October 1998	899	4,090	4,989
Charge for the year	38	727	765
Eliminated	(897)	(3,096)	(3,993)
	<hr/>	<hr/>	<hr/>
At 30 September 1999	40	1,721	1,761
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 30 September 1999	£152	£1,914	£2,066
	<hr/>	<hr/>	<hr/>
At 30 September 1998	£478	£637	£1,115
	<hr/>	<hr/>	<hr/>

7. RELATED PARTY TRANSACTIONS

During the year ended 30 September 1998 the company bought holiday tour packages, on normal commercial terms, from AmeriCan Adventures 2000, a company controlled by a director, Mr D Stitt. During the first quarter of the year ended 30 September 1999, Mr Stitt sold his entire holding in American & Worldwide Travel Ltd to Mr M Williams, but remains on the Board as a non-executive director.

At 30 September 1998 the amount due to AmeriCan Adventures 2000 was £10,679. Sales with that company for the year amounted to £83,040 and purchases amounted to £21,429.

Subsequent to the balance sheet date, in November 1999, the company took up new premises at substantially reduced rent. The new premises are owned by a company whose directors include certain directors of American & Worldwide Travel.

AMERICAN & WORLDWIDE TRAVEL LTD
(Formerly AA 2000 UK Limited)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 1999

8. CALLED UP SHARE CAPITAL

	1999 £	1998 £
Authorised:		
Ordinary shares of £1 each	<u>£75,000</u>	<u>£50,000</u>
Issued, called up and fully paid:		
Ordinary shares of £1 each	<u>£57,600</u>	<u>£42,600</u>

9. SHAREHOLDERS' FUNDS

	Share Capital £	Share Premium £	Reserves £	Total £
At 1 October 1998	42,600	23,400	(47,295)	18,705
Shares issued	15,000	5,000	-	20,000
Loss for the year	-	-	(54,559)	(54,559)
At 30 September 1999	<u>£57,600</u>	<u>£28,400</u>	<u>£(101,854)</u>	<u>£(15,854)</u>

10. GUARANTEE COMMITMENTS

In accordance with the requirements of the Civil Aviation Authority, the Association of British Travel Agents Limited and the International Air Travel Association, bonds have been issued by the company's bankers to an amount of £122,850 against the security of personal guarantees given by one director.

AMERICAN & WORLDWIDE TRAVEL LTD
(Formerly AA 2000 UK Limited)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 1999

11. PENSION SCHEME

Until 31 December 1999 the company operated a defined contribution pension scheme in favour of one director. The contributions for the year amounted to £341 (1998 - £1,363) and this represents the company's entire obligations under the scheme.

12. RENTAL COMMITMENTS

At 30 September 1999 the company had equipment rental commitments of £6,120 in the next financial year and £nil in two to five years (1998 - £4,590).

13. GOING CONCERN

Whilst the Profit and Loss Account shows losses in the last two years, the company's financial statements are prepared on a going concern basis in view of the shareholder's commitments to support the company financially whilst endeavours are made to improve trading results.