

AA 2000 UK LIMITED

DIRECTOR'S REPORT

AND

FINANCIAL STATEMENTS

Year ended 30 September 1995

Company No : 2729585

IN MOKHTAR & Co
Chartered Accountants
7 Chartfield
Woodland Drive
Hove, East Sussex
BN3 7RD



AA 2000 UK LIMITED

REPORT OF THE DIRECTOR

Year ended 30 September 1995

The director has pleasure in presenting his report on the affairs of the company and its audited financial statements for the year ended 30 September 1995.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company have been the sale and booking of tours and trips as reflected in the profit and loss account. The director is satisfied with the increase in the level of activity compared with the previous period of operation despite difficult trading conditions. The director anticipates trading conditions to marginally improve in the coming year.

RESULTS AND DIVIDENDS

The result for the period and the state of the company's affairs are as shown in the financial statements. The director does not recommend the payment of a dividend and proposes to carry forward the accumulated balance on the profit and loss account of £3,200.

SHARE CAPITAL

The company's issued and called-up share capital, fully paid, amounts to 25,000 Ordinary shares of £1 each. There has been no change in the year. Subsequent to the date of the balance sheet arrangements have been undertaken to introduce £20,000 additional capital (inclusive of share premium) into the company, increasing the issued share capital to £30,000.

BOARD OF DIRECTORS

The Board of Directors consisted of the following between the commencement of the financial year to 29 September 1995, when the first two named directors resigned from the Board.

Bruce James Hodge
Peter Jerome Lacey
David Ian James Stitt

As at the year end the company's sole director was David Stitt.

None of the directors have had a direct shareholding in the company at any time during the year. The company's shares were, however, owned equally by American Adventures Inc., a United States corporation wholly owned by David Stitt, and by Coach Captains Limited, a Canadian company substantially owned by Bruce Hodge. American Adventures Inc. and Coach Captains Limited were also equal partners in US tour operations. Under an agreement dated the 29th of

September 1995 all the interests of Coach Captains Limited have been acquired by American Adventures Inc.

FIXED ASSETS

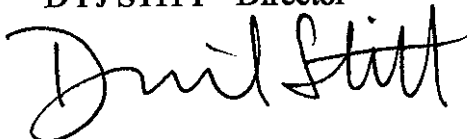
The movement in fixed assets of the company during the year are as shown in Note 4 to the financial statements.

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.

D I J STITT - Director



Registered Office:

45 High Street
Tunbridge Wells
Kent
TN1 1XL

30 November 1995

AA 2000 UK LIMITED

**STATEMENT OF THE DIRECTOR'S RESPONSIBILITIES IN CONNECTION WITH
THE ACCOUNTS AND RECORDS**

For the year ended 30 September 1995

Company law requires the director 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 for that period. In preparing those financial statements, the director is required to :

- select suitable accounting policies and then apply them consistently;
- make judgments 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the company and which will enable him to ensure that the financial statements comply with Companies Act 1985. He is 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.



REPORT OF THE AUDITORS TO THE MEMBERS OF AA 2000 UK LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of the Director and Auditors

As described above, the director is 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 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 director 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 adequacy of the disclosures made in Note 5 to the financial statements concerning the balance on account receivable from associated companies and of its recoverability in full. In view of the significance of the amount, we

(continued)

**REPORT OF THE AUDITORS
TO THE MEMBERS OF AA 2000 UK LIMITED
(continued)**

consider that it should be drawn 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 the company's affairs at 30 September 1995 and of its result for the year 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

30 November 1995

AA 2000 UK LIMITED

BALANCE SHEET

At 30 September 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Tangible assets	4	2,614	4,686
CURRENT ASSETS			
Prepayments	2	78,772	29,708
Accounts receivable:			
Associated companies	5	19,851	75,066
Trade debtors		4,592	-
Other		1,856	5,989
Cash at bank		24,019	23,318
		<u>129,090</u>	<u>134,081</u>
CREDITORS: amounts falling due within one year			
Customer deposits	2	89,553	93,540
Accounts Payable:			
Associated company	5	-	5,202
Other creditors		11,991	11,369
Social security and other taxes		1,338	789
Employee taxes		622	907
		<u>103,504</u>	<u>111,807</u>
NET CURRENT ASSETS		<u>25,586</u>	<u>22,274</u>
TOTAL NET ASSETS		<u>£ 28,200</u>	<u>£ 26,960</u>
CAPITAL AND RESERVES			
Called up share capital	7	25,000	25,000
Profit and loss account	8	3,200	1,960
		<u>£ 28,200</u>	<u>£ 26,960</u>

Approved by the board on

Nov 30th 1995


D I J Stitt - Director

The attached Notes 1 to 11 form part of these financial statements

AA 2000 UK LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 30 September 1995**

	Note	1995 £	1994 £
TURNOVER	2	1,099,250	769,930
Cost of sales		971,150	659,187
		<hr/>	<hr/>
GROSS PROFIT		128,100	110,743
Administrative expenses	5	117,026	105,689
		<hr/>	<hr/>
		11,074	5,054
Interest payable and similar charges		9,469	6,895
		<hr/>	<hr/>
		1,605	(1,841)
Sundry income - foreign exchange gains		703	3,547
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES before taxation	6	2,308	1,706
TAXATION		1,068	426
		<hr/>	<hr/>
NET PROFIT FOR THE FINANCIAL YEAR	3	1,240	1,280
RESERVES brought forward		1,960	680
		<hr/>	<hr/>
RESERVES carried forward		<u>£3,200</u>	<u>£1,960</u>

There are no gains or losses other than in the profit and loss account for the above two years

The attached Notes 1 to 11 form part of these financial statements.

AA 2000 UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year ended 30 September 1995****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 conventions, 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 as customer deposits and advance payments to suppliers.

Fixed assets are depreciated over their useful lives at 20% per annum in equal annual instalments.

Transactions denominated in foreign currencies are translated into Sterling at the rates ruling at the dates 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 Financial Reporting Standards No1 from producing a cash flow statement on the grounds that it is a small company.

Pensions

The company operates a defined contribution scheme for the director.

3. NET PROFIT FOR THE YEAR

The net profit for the year has been arrived at after charging:

	1995	1994
	£	£
Depreciation	897	1,562
Auditors' remuneration	750	600
Director's fees	2,940	2,940
Staff costs (as detailed on next page)	55,065	42,555
	<hr/>	<hr/>
	£59,652	£47,657
	<hr/>	<hr/>

Staff costs were paid in respect of :

	£	£
Wages and salaries	49,151	36,562
Social security costs	4,551	4,630
Pension costs	1,363	1,363
	<u>£55,065</u>	<u>£42,555</u>

The average weekly number of employees was 5 (1994 - 5).

4. FIXED ASSETS

	Office Furniture and Equipment	Computer Booking System	Total
	£	£	£
Cost			
At 1 October 1994	3,225	3,250	6,475
Additions	1,263	-	1,263
Disposals	-	(3,250)	(3,250)
	<u>4,488</u>	<u>-</u>	<u>4,488</u>
At 30 September 1995			
	<u>4,488</u>	<u>-</u>	<u>4,488</u>
Depreciation			
At 1 October 1994	976	813	1,789
Eliminated on disposals	-	(813)	(813)
Charge for year	898	-	898
	<u>1,874</u>	<u>-</u>	<u>1,874</u>
At 30 September 1995			
	<u>1,874</u>	<u>-</u>	<u>1,874</u>
Net Book Value			
At 30 September 1995	<u>£ 3,178</u>	<u>-</u>	<u>£ 2,614</u>
At 30 September 1994	<u>£ 2,249</u>	<u>£ 2,437</u>	<u>£ 4,686</u>

5. ASSOCIATED COMPANIES

The company is associated with American Adventures and Road Runner International, both United States entities with branches in the UK. The company shares premises with the American Adventures branch and, although it has its own staff, it uses various facilities of the branch. There is to be an agreed charge for this use and for the year ended 30 September 1995

this has been set at £6,000 (1994 - Nil). Further, an amount of £6,000 has been agreed to be paid by American Adventures to the company for the use of staff time in the course of the year (1994 - £10,200). American Adventures is a tour operator in the United States and during the year acted as the company's agent in the operation of its US tours.

Similarly an amount of £10,000 (1994 - Nil) has been charged to Road Runner International in respect of support services provided to its branch in the UK. The balances on the accounts of the two entities have been netted off in accordance with their request.

Whilst the balance on accounts receivable from Associated Companies at 30 September 1995 stands at a high figure of £19351, management is satisfied of its recoverability in full in the normal course of business within the next twelve months. The balance has been reconciled and confirmed by the entities concerned.

6. TAXATION

The taxation provision made against the results for the year (at 25%) is subject to agreement with the Inland Revenue.

7. SHARE CAPITAL

	1995	1994
Authorised:		
30,000 Ordinary shares of £1 each	£30,000	£30,000
	<u> </u>	<u> </u>
Issued and fully paid:		
25,000 Ordinary shares of £1 each	£25,000	£25,000
	<u> </u>	<u> </u>

8. SHAREHOLDERS FUNDS

	Share Capital	Reserves	Shareholders' Funds
	£	£	£
At 1 October 1994	25,000	1,960	26,960
Profit for the year	-	1,240	1,240
	<u> </u>	<u> </u>	<u> </u>
At 30 September 1995	£25,000	£3,200	£28,200
	<u> </u>	<u> </u>	<u> </u>

9. GUARANTEE COMMITMENTS

Under the rules of ABTA, the company has lodged a bond with ABTA in the total amount of

£20,000. The bond has been issued by Barclays Bank Plc against the security of a personal guarantee by the company's director backed by a personal deposit by him of the same amount.

10. PENSION SCHEME

The company operates a defined contribution scheme in respect of the director. The assets of the scheme are held separately from those of the company in an independently administered fund. The contributions for the year amounted to £1,363 (1994 - £1,363) and this represents the company's obligations under the scheme.

11. RENTAL COMMITMENTS

At the balance sheet date the company had rental commitments of £6,120 in the next financial year and of £23,460 in two to five years (1994 - Nil).