

**AA 2000 UK LIMITED**

**DIRECTORS REPORT**

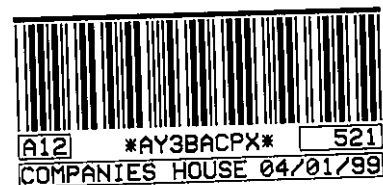
**AND**

**FINANCIAL STATEMENTS**

**Year ended 30 September 1998**

Company No : 2729585

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



**AA 2000 UK LIMITED****REPORT OF THE DIRECTORS****Year ended 30 September 1998**

The directors have pleasure in presenting their report on the affairs of the company and its audited financial statements for the year ended 30 September 1998.

**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. In the light of the unexpectedly poor results for the year, the directors intend to take action to improve the level of trading and margins with a view to amortising the accumulated losses over the medium term.

**RESULTS AND DIVIDENDS**

The result for the period and the state of the company's affairs are as shown in the financial statements. The directors do not recommend the payment of a dividend and the accumulated deficit in the profit and loss account of £47,295 will be carried forward.

**BOARD OF DIRECTORS**

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

|             | <u>Number of £1 Ordinary shares held</u> |                   |
|-------------|--|-------------------|
|             | 30 September<br>1998                     | 1 October<br>1997 |
| D I J Stitt | 21,950                                   | 21,950            |
| M Williams  | 10,650                                   | 10,650            |

In addition, 10,000 shares of the company are owned by American Adventures Inc., a United States corporation wholly owned by Mr Stitt.

**AA 2000 UK LIMITED**

**REPORT OF THE DIRECTORS**

**Year ended 30 September 1998 (continued)**

**FIXED ASSETS**

The movement in fixed assets of the company during the year is as shown in Note 5 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.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'D I J Stitt', is written over the printed name.

D I J Stitt - Director

Registered Office:  
45 High Street  
Tunbridge Wells  
Kent  
TN1 1XL

25 November 1998

**AA 2000 UK LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN CONNECTION WITH  
ACCOUNTS AND RECORDS**

**For the year ended 30 September 1998**

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 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 for taking reasonable steps for the prevention of fraud and other irregularities.



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

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 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 14 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

(continued)

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

company at 30 September 1998 and of its result for the year then ended and have been properly prepared in accordance with Companies Act 1985.

*I. N. Mokhtar & Co.*

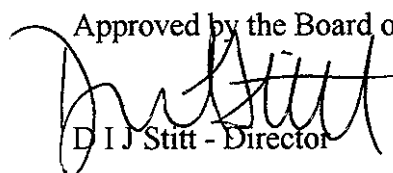
I N Mokhtar & Co.  
Chartered Accountants  
and Registered Auditor

25 November 1998

**AA 2000 UK LIMITED****BALANCE SHEET****At 30 September 1998**

|  | Note | 1998<br>£ | 1997<br>£ |
|--|------|-----------|-----------|
| FIXED ASSETS                                       |      |           |           |
| Tangible assets                                    | 5    | 1,115     | 2,038     |
| CURRENT ASSETS                                     |      |           |           |
| Prepayments  | 2    | 52,177    | 52,765    |
| Accounts receivable:                               |      |           |           |
| Trade Debtors                                      | 6    | 34,956    | 30,932    |
| Other  |      | 6,196     | 3,336     |
| Cash at Bank                                       |      | 5,772     | 33,156    |
|  |      | 99,101    | 120,189   |
| CREDITORS: amounts falling due<br>within one year: |      |           |           |
| Customer deposits                                  | 2    | 60,234    | 66,975    |
| Account payable:                                   |      |           |           |
| Trade creditors                                    | 6    | 14,607    | 5,913     |
| Other creditors                                    |      | 4,932     | 8,258     |
| Social security and other taxes                    |      | 1,738     | 1,522     |
|  |      | 81,511    | 82,668    |
| NET CURRENT ASSETS                                 |      | 17,590    | 37,521    |
| TOTAL NET ASSETS                                   |      | £18,705   | £39,559   |
| CAPITAL AND RESERVES                               |      |           |           |
| Called up share capital                            | 8    | 42,600    | 42,600    |
| Share premium                                      | 8    | 23,400    | 23,400    |
| Profit and loss account                            |      | (47,295)  | (26,441)  |
| TOTAL SHAREHOLDERS' FUNDS                          | 9    | £18,705   | £39,559   |

Approved by the Board on 25 November 1998



D I J Stitt - Director

The attached Notes 1 to 14 form part of these financial statements

**AA 2000 UK LIMITED****PROFIT AND LOSS ACCOUNT****Year ended 30 September 1998**

|  | Note | 1998<br>£        | 1997<br>£        |
|--|------|------------------|------------------|
| TURNOVER- Continuing operations                          | 2    | 1,113,959        | 1,172,818        |
| Cost of Sales  |      | 990,490          | 1,035,764        |
|  |      | <hr/>            | <hr/>            |
| GROSS PROFIT   |      | 123,469          | 137,054          |
| Administrative expenses                                  |      | 135,826          | 125,630          |
|  |      | <hr/>            | <hr/>            |
| OPERATING (LOSS)/PROFIT                                  |      | (12,357)         |                  |
| - Continuing operations                                  | 3    |                  | 11,424           |
| Interest payable and similar charges                     |      | 9,363            | 8,268            |
|  |      | <hr/>            | <hr/>            |
|  |      | (21,720)         | 3,156            |
| Sundry income - Bank interest                            |      | 866              | 1,036            |
|  |      | <hr/>            | <hr/>            |
| (LOSS)/PROFIT ON ORDINARY<br>ACTIVITIES, before taxation |      | (20,854)         | 4,192            |
| TAXATION   | 7    | -                | -                |
|  |      | <hr/>            | <hr/>            |
| NET (LOSS)/PROFIT FOR THE YEAR                           |      | (20,854)         | 4,192            |
| DEFICIT brought forward                                  |      | (26,441)         | (30,636)         |
|  |      | <hr/>            | <hr/>            |
| DEFICIT carried forward                                  |      | <u>£(47,295)</u> | <u>£(26,441)</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 14 form part of these financial statements



**AA 2000 UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS****Year ended 30 September 1998****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.

Fixed assets are depreciated over five years 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 in Financial Reporting Standard 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 one director.

**3. OPERATING (LOSS)/PROFIT FOR THE YEAR**

The operating (loss)/profit for the year has been arrived at after charging:

|                              | 1998<br>£ | 1997<br>£ |
|------------------------------|-----------|-----------|
| Depreciation                 | 1,222     | 1,161     |
| Auditors' fees               | 1,000     | 1,000     |
| Auditors' other remuneration | 2,901     | 2,886     |
| Staff costs (Note 4)         | 81,340    | 65,854    |

**AA 2000 UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS****Year ended 30 September 1998 (continued)****4. STAFF COSTS**

| Staff costs were paid in respect of: | 1998<br>£      | 1997<br>£      |
|--------------------------------------|----------------|----------------|
| Wages and salaries                   | 73,536         | 58,901         |
| Social security costs                | 6,441          | 5,590          |
| Pension costs                        | 1,363          | 1,363          |
|                                      | <u>£81,340</u> | <u>£65,854</u> |

The average weekly number of employees was 6 (1997 -5) excluding directors.

**5. FIXED ASSETS**

Details of tangible assets are as follows:

| Cost                  | Office<br>Furniture<br>£ | Office<br>Equipment<br>£ | Total<br>£    |
|-----------------------|--------------------------|--------------------------|---------------|
| At 1 October 1997     | 1,366                    | 4,439                    | 5,805         |
| Additions             | 11                       | 288                      | 299           |
|                       | <u>1,377</u>             | <u>4,727</u>             | <u>6,104</u>  |
| <b>Depreciation</b>   |                          |                          |               |
| At 1 October 1997     | 622                      | 3,145                    | 3,767         |
| Charge for the year   | 277                      | 945                      | 1,222         |
|                       | <u>899</u>               | <u>4,090</u>             | <u>4,989</u>  |
| <b>Net book value</b> |                          |                          |               |
| At 30 September 1998  | <u>£478</u>              | <u>£637</u>              | <u>£1,115</u> |
| At 30 September 1997  | <u>£744</u>              | <u>£1,294</u>            | <u>£2,038</u> |

**AA 2000 UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS****Year ended 30 September 1998 (continued)****6. RELATED PARTY TRANSACTIONS**

Mr D Stitt, a director and the majority shareholder, is also a director and majority equity owner in AmeriCan Adventures 2000 L.L.C., a US limited liability company. Since November 1997 an associated UK company, AmeriCan Adventures 2000 Limited, has been established with identical equity interests to take over the UK business of the US company. Both companies trade as AmeriCan Adventures 2000.

The company buys holiday tour packages from the above two companies on the same basis as any other external supplier (Tour Operator) in order to meet the requirements of its own clients. The company also sells flights and other "add-ons" (such as hotels and car hire) to the above companies on the same basis and terms as any external (Business House) customer.

At the Balance Sheet date, the following amounts were due to and from AmeriCan Adventures 2000 and included in Trade Debtors and Trade Creditors respectively:

|                                   | 1998<br>£ | 1997<br>£ |
|-----------------------------------|-----------|-----------|
| Due from AmeriCan Adventures 2000 | £10,679   | £15,461   |
| Due to AmeriCan Adventures 2000   | £-        | £3,625    |

During the year, the following amounts were sold and purchased:

|                                       |         |          |
|---------------------------------------|---------|----------|
| Sales - included in Turnover          | £40,755 | £127,227 |
| Purchases - included in Cost of Sales | £7,541  | £55,479  |

Until 30 September 1997, the company acted as collecting agent for the UK business of AmeriCan Adventures. Amounts collected were held in separate bank accounts which, whilst in the name of the company, were not brought into the balance sheet, but were treated as contra against the debt thus arising to AmeriCan Adventures. During the year ended 30 September 1998 these accounts were cleared and closed. At the 30 September 1997 the balance on these accounts, as confirmed by the bank, amounted to £40,792. There was no charge made for this service.

**AA 2000 UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS****Year ended 30 September 1998 (continued)****7. TAXATION**

There is no taxation charge arising in the year (1997 £nil) due to the losses incurred.

**8. CALLED UP SHARE CAPITAL**

|                                   | 1998<br>£         | 1997<br>£         |
|-----------------------------------|-------------------|-------------------|
| Authorised:                       |                   |                   |
| 50,000 Ordinary shares of £1 each | £50,000           | £50,000           |
|                                   | <u>          </u> | <u>          </u> |
| Issued, called up and fully paid: |                   |                   |
| Ordinary shares of £1 each        | £42,600           | £42,600           |
|                                   | <u>          </u> | <u>          </u> |

**9. SHAREHOLDERS' FUNDS**

|                      | Share<br>Capital<br>£ | Share<br>Premium<br>£ | Reserves<br>£     | Total<br>£        |
|----------------------|-----------------------|-----------------------|-------------------|-------------------|
| At 1 October 1997    | 42,600                | 23,400                | (26,441)          | 39,559            |
| Loss for the year    | -                     | -                     | (20,854)          | (20,854)          |
|                      | <u>          </u>     | <u>          </u>     | <u>          </u> | <u>          </u> |
| At 30 September 1998 | £42,600               | £23,400               | £(47,295)         | £18,705           |
|                      | <u>          </u>     | <u>          </u>     | <u>          </u> | <u>          </u> |

**10. GUARANTEE COMMITMENTS**

In accordance with the requirements of the Civil Aviation Authority (ATOL) the company has lodged a bond with ATOL in an amount of £42,233. The bond has been issued by Barclays Bank plc against the security of a personal guarantee by the directors.

## **AA 2000 UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 September 1998 (continued)**

#### **11. PENSION SCHEME**

The company operates a defined contribution scheme in respect of one 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 (1997 - £1,363) and this represents the company's entire obligations under the scheme.

#### **12. RENTAL COMMITMENTS**

At the balance sheet date, the company had equipment rental commitments of £6,120 in the next financial year and £4,590 in two to five years (1997 - £10,710).

#### **13. DIRECTORS' ACCOUNTS**

Trade Debtors include £2,527 (1997 - £2,650) in respect of personal travel by directors. These amounts have been settled since the year end.

#### **14. GOING CONCERN**

Notwithstanding the losses incurred in the current year, including the losses brought forward from prior years, the company's financial statements are prepared on a going concern basis in view of the shareholders' commitments to support the company financially whilst endeavours are made to improve trading results.