

Company Registration No. 3190720 (England and Wales)

AUDLEY TRAVEL GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

HLB **AV** audit



AUDLEY TRAVEL GROUP LIMITED

COMPANY INFORMATION

Directors	C Burkinshaw J E Brewer
Secretary	J E Brewer
Company number	3190720
Registered office	6 Willows Gate Stratton Audley Bicester Oxfordshire OX 27 9AU
Auditors	HLB AV Audit plc 66 Wigmore Street London W1U 2HQ
Bankers	Barclays Bank Plc P O Box 15161 50 Pall Mall London SW1Y 5AX

AUDLEY TRAVEL GROUP LIMITED

CONTENTS

	Page
Directors' report	1
Independent auditors' report	2
Profit and loss account	3
Statement of total recognised gains and losses	4
Balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 15

AUDLEY TRAVEL GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report and financial statements for the year ended 31 December 2003.

Principal activities and review of the business

The principal activity of the company continued to be that of holiday tour operator and computer consultancy.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 3.

Directors

The following directors have held office since 1 January 2003:

C Burkinshaw

J E Brewer

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 2003	1 January 2003
C Burkinshaw	20,000	20,000
J E Brewer	20,000	20,000

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that HLB AV Audit plc be reappointed as auditors of the company will be put to the Annual General Meeting.

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;
- 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.

On behalf of the board


C Burkinshaw

Director

17/3/2004

AUDLEY TRAVEL GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AUDLEY TRAVEL GROUP LIMITED

We have audited the financial statements of Audley Travel Group Limited on pages 3 to 15 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

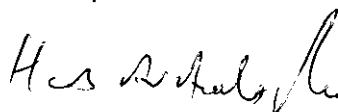
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HLB AV Audit plc

Registered Auditor

17th Dec 2004

66 Wigmore Street
London
W1U 2HQ

AUDLEY TRAVEL GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

		Year ended 31 December 2003 £	Period ended 31 December 2002 £
	Notes		
Turnover	2	5,425,403	5,031,888
Cost of sales		(4,299,194)	(3,796,588)
Gross profit		1,126,209	1,235,300
Distribution costs		(189,651)	(261,895)
Administrative expenses		(735,439)	(577,025)
Operating profit	3	201,119	396,380
Other interest receivable and similar income	4	6,338	3,717
Profit on ordinary activities before taxation		207,457	400,097
Tax on profit on ordinary activities	5	(62,463)	(119,370)
Profit on ordinary activities after taxation		144,994	280,727
Dividends	6	-	(125,009)
Retained profit for the year	14	144,994	155,718

The profit and loss account has been prepared on the basis that all operations are continuing operations.

AUDLEY TRAVEL GROUP LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2003

	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Profit for the financial year	144,994	280,727
Prior year adjustment	-	65,358
Total gains and losses recognised since last financial statements	<u>144,994</u>	<u>346,085</u>

AUDLEY TRAVEL GROUP LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	7		44,130		42,107
Investments	8		1,002		-
			<u>45,132</u>		<u>42,107</u>
Current assets					
Stocks	9	-		65,303	
Debtors	10	1,534,300		979,200	
Cash at bank and in hand		719,233		358,421	
		<u>2,253,533</u>		<u>1,402,924</u>	
Creditors: amounts falling due within one year	11	(1,662,140)		(953,500)	
Net current assets			<u>591,393</u>		<u>449,424</u>
Total assets less current liabilities			<u>636,525</u>		<u>491,531</u>
Creditors: amounts falling due after more than one year	12		(122,500)		(122,500)
			<u>514,025</u>		<u>369,031</u>
Capital and reserves					
Called up share capital	13		40,000		40,000
Profit and loss account	14		474,025		329,031
Shareholders' funds - equity interests	15		<u>514,025</u>		<u>369,031</u>

The financial statements were approved by the Board on 17/3/04


C Burkinshaw
Director

AUDLEY TRAVEL GROUP LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Net cash inflow from operating activities	492,165	343,116
Returns on investments and servicing of finance		
Interest received	6,338	3,717
Net cash inflow for returns on investments and servicing of finance	6,338	3,717
Taxation	(84,820)	(24,614)
Capital expenditure		
Payments to acquire tangible assets	(20,102)	(40,462)
Net cash outflow for capital expenditure	(20,102)	(40,462)
Acquisitions and disposals		
Purchase of subsidiary undertakings (net of cash acquired)	(1,002)	-
Net cash outflow for acquisitions and disposals	(1,002)	-
Equity dividends paid	-	(113,009)
Net cash inflow before management of liquid resources and financing	392,579	168,748
Financing		
Other new long term loans	-	122,500
Net cash (outflow)/inflow from financing	-	122,500
Increase in cash in the year	392,579	291,248

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

1	Reconciliation of operating profit to net cash inflow from operating activities	2003	2002
		£	£
	Operating profit	201,119	396,380
	Depreciation of tangible assets	18,079	18,046
	Decrease/(increase) in stocks	65,303	(6,803)
	Increase in debtors	(555,100)	(765,508)
	Increase in creditors within one year	762,764	701,001
	Net cash inflow from operating activities	492,165	343,116

2	Analysis of net funds	1 January 2003	Cash flow	Other non-cash changes	31 December 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	358,421	360,812	-	719,233
	Bank overdrafts	(31,767)	31,767	-	-
		326,654	392,579	-	719,233
	Debt:				
	Debts falling due after one year	(122,500)	-	-	(122,500)
	Net funds	204,154	392,579	-	596,733

3	Reconciliation of net cash flow to movement in net funds	2003	2002
		£	£
	Increase in cash in the year	392,579	291,248
	Cash inflow from increase in debt	-	(122,500)
	Movement in net funds in the year	392,579	168,748
	Opening net funds	204,154	35,406
	Closing net funds	596,733	204,154

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover is recognised at the point at which the travel booking is agreed with the customer.

1.4 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	30% reducing balance
Fixtures and fittings	30% reducing balance
Motor vehicles	30% reducing balance

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock

Work in progress is valued at the lower of cost and net realisable value.

1.9 Deferred taxation

Where material, deferred tax is provided in full, as required by FRS 19 - Deferred Tax, in respect of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is not discounted.

1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2003 £	2002 £
Operating profit is stated after charging:		
Depreciation of tangible assets	18,079	18,046
Research and development	55	-
Operating lease rentals	2,707	4,504
Auditors' remuneration	10,000	5,000
	<u> </u>	<u> </u>

4 Investment income

	2003 £	2002 £
Bank interest	6,338	-
	<u> </u>	<u> </u>

5 Taxation

	2003 £	2002 £
Domestic current year tax		
U.K. corporation tax	49,720	101,684
Adjustment for prior years	12,743	17,686
	<u> </u>	<u> </u>
Current tax charge	<u>62,463</u>	<u>119,370</u>

Factors affecting the tax charge for the year

Profit on ordinary activities before taxation	<u>207,457</u>	<u>400,097</u>
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Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 30.00%)

	<u>62,237</u>	<u>120,029</u>
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Effects of:

Non deductible expenses	1,555	332
Depreciation add back	5,424	5,414
Capital allowances	(4,778)	(11,477)
Adjustments to previous periods	12,743	17,686
Marginal relief	(14,718)	-
Other tax adjustments	-	(12,614)
	<u>226</u>	<u>(659)</u>

Current tax charge

	<u>62,463</u>	<u>119,370</u>
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AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

6	Dividends	2003 £	2002 £
	Ordinary interim paid	-	113,009
	Ordinary final proposed	-	12,000
		<u>-</u>	<u>125,009</u>

7	Tangible fixed assets	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
	Cost				
	At 1 January 2003	74,636	9,820	6,530	90,986
	Additions	18,229	1,873	-	20,102
	At 31 December 2003	<u>92,865</u>	<u>11,693</u>	<u>6,530</u>	<u>111,088</u>
	Depreciation				
	At 1 January 2003	38,729	8,191	1,959	48,879
	Charge for the year	15,657	1,051	1,371	18,079
	At 31 December 2003	<u>54,386</u>	<u>9,242</u>	<u>3,330</u>	<u>66,958</u>
	Net book value				
	At 31 December 2003	<u>38,479</u>	<u>2,451</u>	<u>3,200</u>	<u>44,130</u>
	At 31 December 2002	<u>35,907</u>	<u>1,629</u>	<u>4,571</u>	<u>42,107</u>

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2003	-
Additions	1,002
	<hr/>
At 31 December 2003	1,002
	<hr/>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held	%
Subsidiary undertakings				
African Journeys Limited	United Kingdom	Ordinary		100
journeyfactory.com Limited	United Kingdom	Ordinary		100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2003 £	Profit for the year 2003 £
African Journeys Limited	2	-
journeyfactory.com Limited	1,000	-
	<hr/>	<hr/>

9 Stocks

	2003 £	2002 £
Finished goods and goods for resale	-	65,303
	<hr/>	<hr/>

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

10 Debtors	2003 £	2002 £
Trade debtors	1,397,861	947,003
Other debtors	27,627	13,525
Prepayments and accrued income	108,812	18,672
	<u>1,534,300</u>	<u>979,200</u>

11 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	-	31,767
Trade creditors	1,516,179	783,837
Bills of exchange payable	-	84
Amounts owed to subsidiary undertakings	1,002	-
Corporation tax	92,399	114,756
Other taxes and social security costs	23,321	13,199
Directors' current accounts	2,411	3,393
Other creditors	12,458	1,464
Accruals and deferred income	14,370	5,000
	<u>1,662,140</u>	<u>953,500</u>

The directors, C Burkinshaw and J E Brewer, have provided the bank with personal guarantees limited to £40,000 each.

12 Creditors: amounts falling due after more than one year	2003 £	2002 £
Other loans	<u>122,500</u>	<u>122,500</u>

The above loan has been subordinated by C Burkinshaw and J E Brewer in favour of the Civil Aviation Authority and is not to be repaid without the consent of the Civil Aviation Authority.

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

13 Share capital	2003	2002
	£	£
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
40,000 Ordinary shares of £1 each	40,000	40,000
	<u> </u>	<u> </u>
14 Statement of movements on profit and loss account		Profit and loss account
		£
Balance at 1 January 2003		329,031
Retained profit for the period		144,994
		<u> </u>
Balance at 31 December 2003		474,025
		<u> </u>
15 Reconciliation of movements in shareholders' funds	2003	2002
	£	£
Profit for the financial year	144,994	280,727
Dividends	-	(125,009)
	<u> </u>	<u> </u>
Net addition to shareholders' funds	144,994	155,718
Opening shareholders' funds	369,031	213,313
	<u> </u>	<u> </u>
Closing shareholders' funds	514,025	369,031
	<u> </u>	<u> </u>

16 Contingent liabilities

The company has given the following bond to the Civil Aviation Authority:

£500,000 from 27 March 2003 to 30 September 2004 (2002: £285,000 from 29 March 2002 to 30 September 2003, £38,000 from 9 October 2002 to 30 September 2003 and £75,578 from 23 January 2003 to 30 September 2003).

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

17 Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Within one year	35,810	34,236	-	3,810

18 Directors' emoluments

	2003	2002
	£	£
Emoluments for qualifying services	24,000	30,000

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2002- 2).

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2003	2002
	Number	Number
	31	21

Employment costs

	£	£
Wages and salaries	500,014	380,876
Social security costs	45,577	31,947
	545,591	412,823

20 Control

The company is under the control of its two directors.

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

21 Related party transactions

The company has incurred expenses of £100,099 (2002: £100,098) which relate to Prosoma Limited and these were recharged by way of a management charge. At the end of the year Prosoma Limited owed the company £220,575 (2002 : £219,820). Prosoma Limited is a company owned by the directors.

At the balance sheet date the company owed C Burkinshaw £2,411 (2002: £2,775) and was owed £26,710 (2002: owed to £618) by J E Brewer. J E Brewer's overdrawn loan account has been cleared since the year end by way of a dividend.