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**AUDLEY TRAVEL GROUP LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

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**AUDLEY TRAVEL GROUP LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

C Burkinshaw  
J Brewer  
C Mantel

**COMPANY SECRETARY**

J Brewer

**COMPANY NUMBER**

3190720

**REGISTERED OFFICE**

The New Mill  
New Mill Lane  
Witney  
Oxfordshire  
OX29 9SX

**AUDITORS**

Barnes Roffe LLP  
Chartered Accountant and Statutory Auditor  
3 Brook Business Centre  
Cowley Mill Road  
Uxbridge  
Middlesex  
UB8 2FX

**BANKERS**

Barclays Bank Plc  
United Kingdom House  
7th Floor  
180 Oxford Street  
London  
W1D 1EA

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**AUDLEY TRAVEL GROUP LIMITED**

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## AUDLEY TRAVEL GROUP LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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The directors present their report and the financial statements for the year ended 31 December 2010

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

#### PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of holiday tour operators.

#### BUSINESS REVIEW

Despite the difficult economic environment, unusual volcanic activity and adverse weather conditions that have occurred during the year, the company achieved a 17% increase in Turnover. This allowed the company to build on and improve relationships with its suppliers. With excellent commercial awareness and careful monitoring of costs, the company has maintained Gross Profit and increased Net Profit margins.

#### Principal risks and uncertainties

The company is reliant on the UK population to take long haul tailor made holidays. This market is growing and further growth can be achieved by increasing the choice of geographical destinations and by increasing market share at the expense of competitors. The directors continue to monitor the cost levels to ensure an adequate return is achieved.

#### Financial instruments

The company's principal financial instruments comprise of forward foreign exchange contracts, bank balances, trade creditors, trade debtors, and loans to the company. The main purpose of these financial instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments is shown below.

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## AUDLEY TRAVEL GROUP LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of current, deposit accounts, and money market facilities

In respect of loans these comprise of loans from directors and associated companies. These loans are interest free

In respect of foreign exchange payments, the company buys forward exchange contracts to match against future foreign exchange liabilities to mitigate the effects of unplanned exchange rate fluctuations

Trade debtors are managed by the regular monitoring of amounts outstanding, credit is not given to customers. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due

#### **Analysis based on key performance indicators**

The key performance indicators are as follows

Turnover £62,868,044 (2009 £53,670,116)

Gross profit margin 27.45% (2009 28.9%)

Current ratio 1.25 (2009 1.25)

The company continues to provide a quality service and is continually reviewing the range of destinations it has available to meet the changing market demands

#### **RESULTS**

The profit for the year, after taxation, amounted to £5,662,905 (2009 £4,783,483)

#### **DIRECTORS**

The directors who served during the year were

C Burkinshaw

J Brewer

C Mantel

#### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

The company made charitable donations amounting to £6,475 to various international registered charities during the period

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**AUDLEY TRAVEL GROUP LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

**AUDITORS**

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 7 March 2011 and signed on its behalf



**C Mantel**  
Director

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## **AUDLEY TRAVEL GROUP LIMITED**

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

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We have audited the financial statements of Audley Travel Group Limited for the year ended 31 December 2010, set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditors' 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 DIRECTORS AND AUDITORS**

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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AUDLEY TRAVEL GROUP LIMITED

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

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Barnes Roffe LLP*

Sheryl Davis  
Senior Statutory Auditor  
for and on behalf of  
**Barnes Roffe LLP**  
Chartered Accountant and Statutory Auditor  
3 Brook Business Centre  
Cowley Mill Road  
Uxbridge  
Middlesex  
UB8 2FX  
Date 8 March 2011



**AUDLEY TRAVEL GROUP LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
<b>TURNOVER</b>	1,2	<b>62,868,044</b>	<b>53,670,116</b>
Cost of sales		<u>(45,607,727)</u>	<u>(38,136,092)</u>
<b>GROSS PROFIT</b>		<b>17,260,317</b>	<b>15,534,024</b>
Distribution costs		<u>(1,233,288)</u>	<u>(1,075,876)</u>
Administrative expenses		<u>(7,964,642)</u>	<u>(7,887,404)</u>
<b>OPERATING PROFIT</b>	3	<b>8,062,387</b>	<b>6,570,744</b>
Income from other participating interests		<b>15,278</b>	<b>8,120</b>
Interest receivable and similar income	7	<b>42,848</b>	<b>72,789</b>
Interest payable and similar charges	8	<u>(88,284)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>8,032,229</b>	<b>6,651,653</b>
Tax on profit on ordinary activities	9	<u>(2,369,324)</u>	<u>(1,868,170)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	15	<b><u>5,662,905</u></b>	<b><u>4,783,483</u></b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and loss account

The notes on pages 9 to 19 form part of these financial statements

**AUDLEY TRAVEL GROUP LIMITED**  
**REGISTERED NUMBER: 3190720**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2010**

	Note	£	2010 £	£	2009 £
<b>FIXED ASSETS</b>					
Tangible assets	10		274,175		246,480
Investments	11		1,042,922		1,027,644
			<u>1,317,097</u>		<u>1,274,124</u>
<b>CURRENT ASSETS</b>					
Debtors	12	14,823,360		12,872,760	
Cash at bank and in hand		15,446,942		14,741,689	
		<u>30,270,302</u>		<u>27,614,449</u>	
<b>CREDITORS:</b> amounts falling due within one year	13	(24,213,261)		(22,177,340)	
<b>NET CURRENT ASSETS</b>			<u>6,057,041</u>		<u>5,437,109</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,374,138</u>		<u>6,711,233</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		81,000		81,000
Profit and loss account	15		7,293,138		6,630,233
<b>SHAREHOLDERS' FUNDS</b>	16		<u>7,374,138</u>		<u>6,711,233</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
7 March 2011



**C Mantel**  
Director

The notes on pages 9 to 19 form part of these financial statements

**AUDLEY TRAVEL GROUP LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
Net cash flow from operating activities	18	9,744,795	7,754,482
Returns on investments and servicing of finance	19	(45,436)	72,789
Taxation		(3,883,771)	(1,181,001)
Capital expenditure and financial investment	19	(110,335)	(21,952)
Equity dividends paid		(5,000,000)	(2,000,000)
<b>INCREASE IN CASH IN THE YEAR</b>		<b>705,253</b>	<b>4,624,318</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 £	2009 £
Increase in cash in the year	705,253	4,624,318
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>705,253</b>	<b>4,624,318</b>
Net funds at 1 January 2010	14,741,689	10,117,371
<b>NET FUNDS AT 31 DECEMBER 2010</b>	<b>15,446,942</b>	<b>14,741,689</b>

The notes on pages 9 to 19 form part of these financial statements

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## AUDLEY TRAVEL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and on the assumption that the company is a going concern

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group

##### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

Turnover is recognised at the point at which an initial deposit is received after the travel booking is agreed with the customer

##### 1.3 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Motor vehicles	-	30% reducing balance
Fixtures & fittings	-	30% reducing balance
Computer equipment	-	30% reducing balance

##### 1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment

##### 1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

##### 1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

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## AUDLEY TRAVEL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

##### 1.8 Forward foreign exchange contracts and hedging activities

The company enters into forward foreign exchange contracts to hedge against the company's purchases denominated in foreign currencies. The forward foreign exchange contracts are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. The gain or loss relating to the effective proportion of the forward foreign exchange contracts hedging foreign currency purchases is recognised in the profit and loss statement within cost of sales. The gain or loss relating to the ineffective proportion is recognised immediately in the profit and loss statement within other gains/losses. The resulting financial asset or liability is included within current assets or liabilities.

##### 1.9 Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### 1.10 Share based payments

The company operates an equity-settled, share-based compensation plan or option scheme. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the grant date. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of the original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

#### 2. TURNOVER

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

**AUDLEY TRAVEL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**3. OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned by the company	82,710	75,455
Operating lease rentals		
- other operating leases	255,000	255,000
Difference on foreign exchange	67,396	329,367
Profit/loss on disposal of tangible assets	(70)	(642)
	<u>          </u>	<u>          </u>

**4. AUDITORS' REMUNERATION**

	2010 £	2009 £
Fees payable to the company's auditor for the audit of the company's annual accounts	16,643	26,123
Fees payable to the company's auditor and its associates in respect of		
Other services relating to taxation	13,050	21,650
Business advice regarding group structure	-	3,160
	<u>          </u>	<u>          </u>

**5. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	5,599,182	5,321,602
Social security costs	532,132	501,258
Other pension costs	52,116	41,406
	<u>          </u>	<u>          </u>
	6,183,430	5,864,266
	<u>          </u>	<u>          </u>

The average monthly number of employees, including the directors, during the year was as follows

	2010 No.	2009 No.
Administrative	56	56
Sales	102	100
	<u>          </u>	<u>          </u>
	158	156
	<u>          </u>	<u>          </u>

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AUDLEY TRAVEL GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010

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6. DIRECTORS' REMUNERATION

	2010 £	2009 £
Emoluments	<u>777,868</u>	<u>707,424</u>

The highest paid director received remuneration of £279,831 (2009 £270,504)

7 INTEREST RECEIVABLE

	2010 £	2009 £
Bank interest receivable	<u>42,848</u>	<u>72,789</u>

8. INTEREST PAYABLE

	2010 £	2009 £
On other loans	<u>88,284</u>	<u>-</u>

9. TAXATION

	2010 £	2009 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profit for the year	2,249,000	1,868,500
Adjustments in respect of prior periods	120,324	(330)
<b>Tax on profit on ordinary activities</b>	<u>2,369,324</u>	<u>1,868,170</u>

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AUDLEY TRAVEL GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010

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9. TAXATION (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2009 *higher than*) the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>8,032,229</u>	<u>6,651,653</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	2,249,024	1,862,463
<b>Effects of</b>		
Non-tax deductible amortisation of goodwill and impairment	-	6,287
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	14,482	-
Capital allowances for year in excess of depreciation	(15,413)	(1,624)
Other timing differences	1,088	1,359
Adjustments to tax charge in respect of prior periods	120,324	(330)
Overprovision	(181)	15
<b>Current tax charge for the year</b> (see note above)	<u>2,369,324</u>	<u>1,868,170</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges



**AUDLEY TRAVEL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**10. TANGIBLE FIXED ASSETS**

	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
<b>Cost</b>				
At 1 January 2010	6,908	219,109	468,955	694,972
Additions	14,105	9,046	94,162	117,313
Disposals	(6,908)	-	-	(6,908)
At 31 December 2010	<u>14,105</u>	<u>228,155</u>	<u>563,117</u>	<u>805,377</u>
<b>Depreciation</b>				
At 1 January 2010	1	118,427	330,064	448,492
Charge for the year	(1)	23,967	58,744	82,710
At 31 December 2010	<u>-</u>	<u>142,394</u>	<u>388,808</u>	<u>531,202</u>
<b>Net book value</b>				
At 31 December 2010	<u>14,105</u>	<u>85,761</u>	<u>174,309</u>	<u>274,175</u>
At 31 December 2009	<u>6,907</u>	<u>100,682</u>	<u>138,891</u>	<u>246,480</u>

**11. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £	Other fixed asset investments £	Total £
<b>Cost or valuation</b>			
At 1 January 2010	1,002	1,026,642	1,027,644
Income from participating interest	-	15,278	15,278
At 31 December 2010	<u>1,002</u>	<u>1,041,920</u>	<u>1,042,922</u>
<b>Net book value</b>			
At 31 December 2010	<u>1,002</u>	<u>1,041,920</u>	<u>1,042,922</u>
At 31 December 2009	<u>1,002</u>	<u>1,026,642</u>	<u>1,027,644</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
African Journeys Limited	Ordinary	100 %
Journeyfactory com Limited	Ordinary	100 %

**AUDLEY TRAVEL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**11 FIXED ASSET INVESTMENTS (continued)**

Both companies are incorporated in England and Wales

The aggregate of the share capital and reserves as at 31 December 2010 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

Name	Aggregate of share capital and reserves £	Profit/(loss) £
African Journeys Limited	2	-
Journeyfactory com Limited	1,000	-
	<u>1,002</u>	<u>-</u>

**12. DEBTORS**

	2010 £	2009 £
Trade debtors	14,161,904	12,452,439
Other debtors	464,801	420,321
Prepayments and accrued income	196,655	-
	<u>14,823,360</u>	<u>12,872,760</u>

**13 CREDITORS.**

**Amounts falling due within one year**

	2010 £	2009 £
Trade creditors	22,853,902	19,590,673
Amounts owed to participating interest	186,688	57,592
Corporation tax	338,356	1,852,803
Social security and other taxes	148,681	169,026
Other creditors	279,985	296
Accruals and deferred income	405,649	506,950
	<u>24,213,261</u>	<u>22,177,340</u>

Included within other creditors are amounts owed to C Burkinshaw and J Brewer, directors of the company, of £90,202 (2009 £52 debtor) and £189,487 (2009 £3,324 debtor), respectively. The maximum amounts overdrawn for C Burkinshaw and J Brewer during the year were £186,846 and £149,064 respectively.

**AUDLEY TRAVEL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**14. SHARE CAPITAL**

	2010 £	2009 £
<b>Allotted, called up and fully paid</b>		
5,000,000 Ordinary shares of £0.01 each	50,000	50,000
310,000 "E Group" Ordinary shares of £0.10 each	31,000	31,000
	<u>81,000</u>	<u>81,000</u>

The "E group" shares had no voting rights

**15. RESERVES**

	Profit and loss account £
At 1 January 2010	6,630,233
Profit for the year	5,662,905
Dividends Equity capital	(5,000,000)
	<u>7,293,138</u>
At 31 December 2010	

**16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2010 £	2009 £
Opening shareholders' funds	6,711,233	3,927,750
Profit for the year	5,662,905	4,783,483
Dividends (Note 17)	(5,000,000)	(2,000,000)
	<u>7,374,138</u>	<u>6,711,233</u>
Closing shareholders' funds		

**17. DIVIDENDS**

	2010 £	2009 £
Dividends paid on equity capital	<u>5,000,000</u>	<u>2,000,000</u>

Directors had no interest in dividends during the period

**AUDLEY TRAVEL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**18. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2010 £	2009 £
Operating profit	8,062,387	6,570,744
Depreciation of tangible fixed assets	82,710	75,455
Loss on disposal of tangible fixed assets	(70)	(642)
Increase in debtors	(1,950,600)	(1,539,893)
Decrease/(increase) in amounts owed by group undertakings	-	(35,987)
Increase in creditors	3,421,272	2,628,215
Increase in amounts owed to participating interest	129,096	56,590
<b>Net cash inflow from operating activities</b>	<b>9,744,795</b>	<b>7,754,482</b>

**19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2010 £	2009 £
<b>Returns on investments and servicing of finance</b>		
Interest received	42,848	72,789
Interest paid	(88,284)	-
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>	<b>(45,436)</b>	<b>72,789</b>
	2010 £	2009 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(117,313)	(31,727)
Sale of tangible fixed assets	6,978	9,775
<b>Net cash outflow from capital expenditure</b>	<b>(110,335)</b>	<b>(21,952)</b>

**20. ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2010 £	Cash flow £	Other non-cash changes £	31 December 2010 £
Cash at bank and in hand	14,741,689	705,253	-	15,446,942
<b>Net funds</b>	<b>14,741,689</b>	<b>705,253</b>	<b>-</b>	<b>15,446,942</b>

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## AUDLEY TRAVEL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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#### 21. CONTINGENT LIABILITIES

On 12th March 2011, Brewshaw LLP, a partnership which is the parent of the company, provided the Civil Aviation Authority with a guarantee over all future liabilities of the company

#### 22. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £52,116 (2009 £41,406). Contributions totalling £13,668 (2009 £4,855) were payable to the fund at the balance sheet date and are included in creditors.

#### 23. OPERATING LEASE COMMITMENTS

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2010	2009
	£	£
Expiry date:		
After more than 5 years	255,000	255,000

#### 24. DIRECTORS' PERSONAL GUARANTEES

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

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## AUDLEY TRAVEL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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#### 25. RELATED PARTY TRANSACTIONS

During the year the company was charged rent and service charges of £255,000 (2009 £255,000) by Brecon LLP, a limited liability partnership of which Audley Travel Group is a member. The company also recharged £Nil (2009 £5,613) of expenses to Brecon LLP during the year. The company paid Brecon LLP a dividend of £Nil (2009 £1,000,000) during the year. At the year end, the company owed Brecon LLP £185,688 (2009 owed £56,590). During the year the company received a share of profits from the LLP of £15,278 (2009 £8,120).

At the year end, the company owed Prosoma Limited £334,784 (2009 £334,949). Prosoma Limited is a company in which C Burkinshaw has an interest.

During the year the company was charged £99,550 (2009 £106,016) for software services by Antelope Software Limited, a company of which the directors J Brewer and C Burkinshaw are both shareholders. During the year, the company recharged expenses to Antelope Software Limited of £3,300 (2009 £Nil). At the year end the company was owed £70,705 (2009 £43,845) from Antelope Software Limited.

#### 26. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The parent entity is Brewshaw LLP, a limited liability partnership registered in England and Wales.

The ultimate controlling parties are C Burkinshaw and J Brewer.

#### 27. SHARE BASED PAYMENTS

On 29 September 2006, 690,000 share options were granted to a selected number of employees at an exercise price of £0.21 in varying amounts with each option holder's allocation vesting in equal tranches on the second, third, fourth, and fifth anniversary of the date of grant. Options first became exercisable on the satisfaction of predefined performance criteria applied to the above anniversary dates. Options lapse on the occurrence of the earliest of the following events:

- the expiry of the period (if any) allowed for the satisfaction of performance criteria
- the tenth anniversary of the date of grant
- the date the option holder ceases to become an employee
- the expiry of the applicable period under a change of control event

Equity instruments granted are valued at market value of £0.10 for 390,000 share options and £0.11 for 300,000 share options.

The directors assessed the total amount to be expensed over the vesting period to be immaterial, hence the charge to the profit and loss is £Nil (2009 £Nil). At the year end, no share options have been exercised or forfeited and no share options have expired.