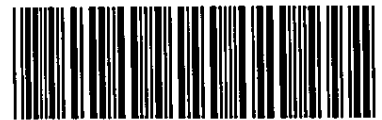


Company Registration No. 3190720 (England and Wales)

AUDLEY TRAVEL GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

WEDNESDAY



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COMPANIES HOUSE

AUDLEY TRAVEL GROUP LIMITED

COMPANY INFORMATION

Directors

C Burkinshaw
J E Brewer
C Mantel

Secretary

J E Brewer

Company number

3190720

Registered office

The New Mill
New Mill Lane
Witney
Oxfordshire
OX29 9SX

Auditors

HLB Vantis Audit plc
66 Wigmore Street
London
W1U 2SB

Bankers

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

AUDLEY TRAVEL GROUP LIMITED

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AUDLEY TRAVEL GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and financial statements for the year ended 31 December 2008.

Principal activities and review of the business

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

The company achieved similar turnover to that of the previous year. The directors are satisfied with these results, given the current economic climate and expect these levels of sales to be sustained next year.

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 cost levels to ensure an adequate return is received.

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.

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. The loans from directors can only be repaid with the consent of the Civil Aviation Authority.

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 £49,537,104 (2007: £49,818,550) (2006: £36,340,835)

Gross profit margin 24.9% (2007: 22.3%) (2006: 19.9%)

Current ratio 1.19 (2007: 1.09) (2006: 1.13)

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.

The ratios show that company has improved its gross profit margin by 2.6% compared to the prior year, whilst broadly maintaining turnover.

Results and dividends

The results for the year are set out on page 5.

A dividend of £1,000,000 (2007: £2,000,000) was paid in the year.

AUDLEY TRAVEL GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

Directors

The following directors have held office since 1 January 2008:

C Burkinshaw
J E Brewer
C Mantel

Charitable donations

| | 2008 | 2007 |
|--|------|-------|
| | £ | £ |
| During the year the company made the following payments: | | |
| Charitable donations | 143 | 4,288 |

Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to 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:

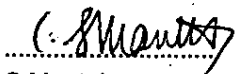
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 proper accounting records that 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 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.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



C Mantel

Director 12th March 2009

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 for the year ended 31 December 2008 set out on pages 5 to 18. These financial statements have been prepared under 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 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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

AUDLEY TRAVEL GROUP LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF AUDLEY TRAVEL GROUP LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



HLB Vantis Audit plc

Chartered Accountants
Registered Auditor



12th Dec 2009

66 Wigmore Street
London
W1U 2SB

AUDLEY TRAVEL GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

| | Notes | 2008 £ | 2007 £ |
|--|-------|--------------|--------------|
| Turnover | 2 | 49,537,104 | 49,818,550 |
| Cost of sales | | (37,199,538) | (38,714,725) |
| Gross profit | | 12,337,566 | 11,103,825 |
| Distribution costs | | (1,164,491) | (1,132,989) |
| Administrative expenses | | (7,346,680) | (7,390,856) |
| Operating profit | 3 | 3,826,395 | 2,579,980 |
| Other interest receivable and similar income | 4 | 250,697 | 290,324 |
| Interest payable and similar charges | 5 | (3,643) | - |
| Profit on ordinary activities before taxation | | 4,073,449 | 2,870,304 |
| Tax on profit on ordinary activities | 6 | (1,169,511) | (855,535) |
| Profit for the year | 15 | 2,903,938 | 2,014,769 |

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

There are no recognised gains and losses other than those passing through the profit and loss account.

AUDLEY TRAVEL GROUP LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2008

| | Notes | 2008 | | 2007 | |
|--|-------|-------------------|-------------------|------------------|---|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 8 | 299,341 | | 353,718 | |
| Investments | 9 | 1,002 | | 1,002 | |
| | | <u>300,343</u> | | <u>354,720</u> | |
| Current assets | | | | | |
| Debtors | 10 | 12,315,402 | 13,688,281 | | |
| Cash at bank and in hand | | 10,117,371 | 9,071,503 | | |
| | | <u>22,432,773</u> | <u>22,759,784</u> | | |
| Creditors: amounts falling due within one year | 11 | (18,805,366) | (20,948,018) | | |
| Net current assets | | <u>3,627,407</u> | | <u>1,811,766</u> | |
| Total assets less current liabilities | | <u>3,927,750</u> | | <u>2,166,486</u> | |
| Creditors: amounts falling due after more than one year | 12 | - | | (142,674) | |
| | | <u>3,927,750</u> | | <u>2,023,812</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 14 | 81,000 | | 81,000 | |
| Profit and loss account | 15 | 3,846,750 | | 1,942,812 | |
| Shareholders' funds | 16 | <u>3,927,750</u> | | <u>2,023,812</u> | |

Approved by the Board and authorised for issue on 12TH March 2009


C Mantel
Director

AUDLEY TRAVEL GROUP LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

| | 2008 | 2007 |
|--|--------------------|--------------------|
| £ | £ | £ |
| Net cash inflow from operating activities | 2,869,213 | 5,454,096 |
| Returns on investments and servicing of finance | | |
| Interest received | 250,697 | 290,324 |
| Interest paid | (3,643) | - |
| Net cash inflow for returns on investments and servicing of finance | 247,054 | 290,324 |
| Taxation | (881,880) | (320,000) |
| Capital expenditure | | |
| Payments to acquire tangible assets | (56,773) | (161,637) |
| Receipts from sales of tangible assets | 10,928 | 100 |
| Net cash outflow for capital expenditure | (45,845) | (161,537) |
| Equity dividends paid | (1,000,000) | (2,000,000) |
| Net cash inflow before management of liquid resources and financing | 1,188,542 | 3,262,883 |
| Financing | | |
| Repayment of other long term loans | (142,674) | - |
| Net cash outflow from financing | (142,674) | - |
| Increase in cash in the year | 1,045,868 | 3,262,883 |

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

| 1 | Reconciliation of operating profit to net cash inflow from operating activities | 2008 | | 2007 | |
|---|---|------------------|-------------------|------------------------|-------------------|
| | | £ | | £ | |
| | Operating profit | 3,826,395 | | 2,579,980 | |
| | Depreciation of tangible assets | 99,617 | | 96,816 | |
| | Loss on disposal of tangible assets | 605 | | - | |
| | Decrease/(increase) in debtors | 1,372,879 | | (3,408,361) | |
| | (Decrease)/Increase in creditors within one year | (2,430,283) | | 6,185,661 | |
| | Net cash inflow from operating activities | 2,869,213 | | 5,454,096 | |
| 2 | Analysis of net funds | 1 January 2008 | Cash flow | Other non-cash changes | 31 December 2008 |
| | | | | | |
| | | £ | £ | £ | £ |
| | Net cash: | | | | |
| | Cash at bank and in hand | 9,071,503 | 1,045,868 | - | 10,117,371 |
| | Debt: | | | | |
| | Debts falling due after one year | (142,674) | 142,674 | - | - |
| | Net funds | 8,928,829 | 1,188,542 | - | 10,117,371 |
| 3 | Reconciliation of net cash flow to movement in net funds | 2008 | | 2007 | |
| | | £ | | £ | |
| | Increase in cash in the year | | 1,045,868 | | 3,262,883 |
| | Cash outflow from decrease in debt | | 142,674 | | - |
| | Movement in net funds in the year | | 1,188,542 | | 3,262,883 |
| | Opening net funds | | 8,928,829 | | 5,665,946 |
| | Closing net funds | | 10,117,371 | | 8,928,829 |

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 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.

1.4 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 |

1.5 Leasing

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

1.6 Investments

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

1.7 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange contracted and 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.

1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Brecon LLP, a company incorporated in England & Wales, and is included in the consolidated accounts of that company.

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

1 Accounting policies

(continued)

1.11 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.

1.12 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.

1.13 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 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.

3 Operating profit

| | 2008 £ | 2007 £ |
|--|-----------|-----------|
| Operating profit is stated after charging: | | |
| Depreciation of tangible assets | 99,617 | 96,816 |
| Loss on disposal of tangible assets | 605 | - |
| Operating lease rentals | 255,000 | 361,110 |
| Auditors' remuneration | 24,839 | 16,259 |
| and after crediting: | | |
| Profit on foreign exchange transactions | (473,808) | - |

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

| | | | |
|----------|---|------------------|------------------|
| 4 | Investment income | 2008 | 2007 |
| | | £ | £ |
| | Bank interest | 246,493 | 290,324 |
| | Other interest | 4,204 | - |
| | | <u>250,697</u> | <u>290,324</u> |
| 5 | Interest payable | 2008 | 2007 |
| | | £ | £ |
| | Other interest | 3,643 | - |
| | | <u>3,643</u> | <u>-</u> |
| 6 | Taxation | 2008 | 2007 |
| | | £ | £ |
| | Domestic current year tax | | |
| | U.K. corporation tax | 1,169,511 | 860,233 |
| | Adjustment for prior years | - | (4,698) |
| | | <u>1,169,511</u> | <u>855,535</u> |
| | Current tax charge | | |
| | | <u>1,169,511</u> | <u>855,535</u> |
| | Factors affecting the tax charge for the year | | |
| | Profit on ordinary activities before taxation | 4,073,449 | 2,870,304 |
| | | <u>4,073,449</u> | <u>2,870,304</u> |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2007 - 30.00%) | 1,140,566 | 861,091 |
| | | <u>1,140,566</u> | <u>861,091</u> |
| | Effects of: | | |
| | Non deductible expenses | 5,637 | 7,608 |
| | Depreciation add back | 27,893 | 29,045 |
| | Capital allowances | (25,102) | (37,511) |
| | Adjustments to previous periods | - | (4,698) |
| | Adjustment for change in tax rates | 20,517 | - |
| | | <u>28,945</u> | <u>(5,556)</u> |
| | Current tax charge | <u>1,169,511</u> | <u>855,535</u> |

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

| 7 | Dividends | 2008 £ | 2007 £ |
|---|-----------------------|-----------|-----------|
| | Ordinary interim paid | 1,000,000 | 2,000,000 |

| 8 | Tangible fixed assets | Computer equipment £ | Fixtures and fittings £ | Motor vehicles £ | Total £ |
|---|-----------------------|----------------------------|-------------------------------|------------------------|------------|
| | Cost | | | | |
| | At 1 January 2008 | 416,777 | 199,352 | 16,838 | 632,967 |
| | Additions | 31,596 | 16,145 | 9,032 | 56,773 |
| | Disposals | - | - | (17,362) | (17,362) |
| | At 31 December 2008 | 448,373 | 215,497 | 8,508 | 672,378 |
| | Depreciation | | | | |
| | At 1 January 2008 | 207,008 | 66,660 | 5,581 | 279,249 |
| | On disposals | - | - | (5,829) | (5,829) |
| | Charge for the year | 71,996 | 27,372 | 249 | 99,617 |
| | At 31 December 2008 | 279,004 | 94,032 | 1 | 373,037 |
| | Net book value | | | | |
| | At 31 December 2008 | 169,369 | 121,465 | 8,507 | 299,341 |
| | At 31 December 2007 | 209,769 | 132,692 | 11,257 | 353,718 |

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

9 Fixed asset investments

| | Shares in subsidiary undertakings £ |
|---|--|
| Cost | |
| At 1 January 2008 & at 31 December 2008 | 1,002 |
| Net book value | |
| At 31 December 2008 | 1,002 |
| At 31 December 2007 | 1,002 |

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 | 100.00 |
| journeyfactory.com Limited | United Kingdom | Ordinary | 100.00 |

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

| | Principal activity | Capital and reserves 2008 £ | Profit/(loss) for the year 2008 £ |
|----------------------------|--------------------|-----------------------------------|--|
| African Journeys Limited | Dormant | 2 | - |
| journeyfactory.com Limited | Dormant | 1,000 | - |

10 Debtors

| | 2008 £ | 2007 £ |
|--------------------------------|-------------------|-------------------|
| Trade debtors | 10,966,307 | 12,898,703 |
| Amounts owed by parent company | 982,535 | - |
| Other debtors | 353,910 | 699,680 |
| Prepayments and accrued income | 12,650 | 89,898 |
| | <u>12,315,402</u> | <u>13,688,281</u> |

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

| 11 Creditors: amounts falling due within one year | 2008 £ | 2007 £ |
|---|-------------------|-------------------|
| Trade creditors | 17,276,802 | 19,500,089 |
| Amounts owed to parent company | - | 192,924 |
| Amounts owed to subsidiary undertakings | 1,002 | 1,002 |
| Corporation tax | 1,165,634 | 878,003 |
| Other taxes and social security costs | 169,198 | 186,010 |
| Other creditors | 24,730 | 24,190 |
| Accruals and deferred income | 168,000 | 165,800 |
| | <u>18,805,366</u> | <u>20,948,018</u> |

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

| 12 Creditors: amounts falling due after more than one year | 2008 £ | 2007 £ |
|--|-----------|----------------|
| Other loans | <u>-</u> | <u>142,674</u> |

In 2007, there was an amount of £95,000 included in other loans which was subordinated by the designated member C Burkinshaw in favour of the Civil Aviation Authority. During the year the Civil Aviation Authority provided the authority to release these funds.

13 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution 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.

| | 2008 £ | 2007 £ |
|---|---------------|-----------|
| Contributions payable by the company for the year | <u>17,169</u> | <u>-</u> |

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

| 14 Share capital | 2008 £ | 2007 £ |
|---|----------------|----------------|
| Authorised | | |
| 5,000,000 Ordinary shares of 1p each | 50,000 | 50,000 |
| 1,000,000 "E group" Ordinary shares of 10p each | 100,000 | 100,000 |
| | <u>150,000</u> | <u>150,000</u> |
| Allotted, called up and fully paid | | |
| 5,000,000 Ordinary shares of 1p each | 50,000 | 50,000 |
| 310,000 'E14' Ordinary shares of 10p each | 31,000 | 31,000 |
| | <u>81,000</u> | <u>81,000</u> |

The authorised "E group" Ordinary shares are split as follows:

300,000 'E1' Ordinary shares of 10p each
 15,000 'E2' to 'E10', 'E13' Ordinary shares of 10p each
 150,000 'E11' Ordinary shares of 10p each
 90,000 'E12' Ordinary shares of 10p each
 310,000 'E14' Ordinary shares of 10p each

The "E group" shares hold no voting rights.

15 Statement of movements on profit and loss account

| | Profit and loss account £ |
|-----------------------------|------------------------------------|
| Balance at 1 January 2008 | 1,942,812 |
| Profit for the year | 2,903,938 |
| Dividends paid | <u>(1,000,000)</u> |
| Balance at 31 December 2008 | <u>3,846,750</u> |

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

| 16 Reconciliation of movements in shareholders' funds | 2008 | 2007 |
|--|-------------|-------------|
| | £ | £ |
| Profit for the financial year | 2,903,938 | 2,014,769 |
| Dividends | (1,000,000) | (2,000,000) |
| Net addition to shareholders' funds | 1,903,938 | 14,769 |
| Opening shareholders' funds | 2,023,812 | 2,009,043 |
| Closing shareholders' funds | 3,927,750 | 2,023,812 |

17 Contingent liabilities

The company has given the following bond to the Association of British Travel Agents Ltd;

1) The sum of £109,494 from 1 October 2007 to 31 March 2009 issued by Barclays Bank Plc.

On 1 April 2008, Brecon LLP provided the Civil Aviation Authority with a guarantee over all future liabilities of the company.

18 Financial commitments

At 31 December 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2009:

| | Land and buildings | |
|--------------------------------|---------------------------|-------------|
| | 2008 | 2007 |
| | £ | £ |
| Operating leases which expire: | | |
| In over five years | 255,000 | 245,000 |

19 Directors' emoluments

| | 2008 | 2007 |
|------------------------------------|-------------|-------------|
| | £ | £ |
| Emoluments for qualifying services | 569,597 | 312,904 |

Emoluments disclosed above include the following amounts paid to the highest paid director:

| | 2008 | 2007 |
|------------------------------------|-------------|-------------|
| | £ | £ |
| Emoluments for qualifying services | 191,939 | 125,771 |

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

20 Employees

Number of employees

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

| | 2008 Number | 2007 Number |
|----------------|----------------|----------------|
| Administrative | 57 | 31 |
| Sales | 134 | 143 |
| | <u>191</u> | <u>174</u> |

Employment costs

| | 2008 £ | 2007 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 5,203,019 | 4,541,486 |
| Social security costs | 506,933 | 449,806 |
| Other pension costs | 17,169 | - |
| | <u>5,727,121</u> | <u>4,991,292</u> |

21 Control

The parent entity is Brecon LLP, a limited liability partnership incorporated in England and Wales.

The ultimate controlling parties are C Burkinshaw and J E Brewer.

AUDLEY TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2008

22 Related party transactions

During the year the company was charged rent and service charges of £299,625 (2007: £320,576) by their parent company, Brecon LLP. The company also made payments on behalf of Brecon LLP to purchase two properties totalling £89,370 (2007: £nil) and recharged £1,963 (2007: £nil) of expenses to Brecon LLP during the year. The company paid Brecon LLP a dividend of £1,000,000 (2007: £2,000,000) during the year. At the year end, Brecon LLP owed the company £982,535 (2007: £192,924 was owed to Brecon LLP).

During the year, the company recharged expenses to Prosoma Limited of £25,809 (2007: £98,102). At the year end, the company owed Prosoma Limited £681,237 (2007: £575,046) of which £nil (2007: £47,674) is included in creditors due after more than one year. Prosoma Limited is a company in which C Burkinshaw has an interest.

During the year the company was charged £87,511 (2007: £50,206) 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 £10,906 (2007: £48,471). At the year end the company was owed £58,126 (2007: £48,471) from Antelope Software Limited.

23 Share based payments

On 29 September 2006, 690,000 share options were granted to a select number of employees at an exercise price of £0.21 in varying amounts with each option holders' allocation vesting in equal tranches on the second, third, fourth and fifth anniversary of the date of grant. Options first become 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 were 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 account is £nil (2007 - £nil). At the year end, no share options have been exercised or forfeited and no share options have expired.