

HOLIDAY EXPRESS (UK) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 1999



HOLIDAY EXPRESS (UK) LIMITED

COMPANY INFORMATION

Directors	D L Powell	
	P J Long	(Appointed 27 November 1998)
	J Wimbledon	(Appointed 27 November 1998)
Secretary	D L Powell	
Company number	03276161	
Registered office	9, General Rees Square Cwmbran NP44 1AH	
Auditors	Griffiths, Green, Arnold 11 New Street, Pontnewydd Cwmbran NP44 1EE	
Bankers	Barclays Bank PLC Cardiff Business Centre, The Twyn Caerphilly CF8 1UE	
Solicitors	Burrough & Company Womanby Court, Crickowell Road St. Mellons Cardiff CF3 OEF	

HOLIDAY EXPRESS (UK) LIMITED

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HOLIDAY EXPRESS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999

The directors present their report and financial statements for the year ended 31 March 1999.

Principal activities and review of the business

The principal activity of the company is the provision of travel services through travel agencies.

The results for the current year reflect one-off costs attributable to the setting up of Holiday Express (UK) Limited, i.e. transfers of leases into the new company. Additional extra accounting costs were incurred in attempting to combine the separate accounting systems of the two companies into Holiday Express (UK) Limited.

The previous losses incurred in the TBI Global section have been reversed and turned into a break-even situation over the two year period.

Additional costs were incurred in staffing the Ely and Cardiff Call Centres in anticipation of the increased business, which materialised from April 1999.

Results and dividends

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

The directors do not recommend payment of a dividend.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

Post balance sheet events

There have been no significant post balance sheet events.

Future developments

Future expansion will be from the Internet, Digital Television and bookings processed in our Call Centres. Holiday Express currently acts as the fulfilment agent for some of the busiest Internet sites. We are currently promoting and expanding our own Internet sites and working with the technology suppliers to develop the technology to enable customers to book their holiday direct from home.

Year 2000

The directors have assessed the risks to our business resulting from the change to the Year 2000. No further costs will be incurred as all costs of modifying computer hardware have already been incurred. The computer software used by the company is guaranteed to be Year 2000 compliant and so no costs are envisaged in this respect.

We have also assessed the possibility of Year 2000 related failures in our significant suppliers, all of who inform us that they are already dealing with the problem.

It is impossible to guarantee that no Year 2000 problems will remain. However, the directors feel that the company will be able to deal promptly with any failures that may occur.

Directors

The following directors have held office since 1 April 1998:

D L Powell	
S L Powell	(Resigned 27 November 1998)
P J Long	(Appointed 27 November 1998)
J Wimbleton	(Appointed 27 November 1998)

HOLIDAY EXPRESS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1999

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 March 1999	1 April 1998
D L Powell	12,750	15,000
P J Long	-	-
J Wimbledon	-	-

	Cumulative convertible redeemable preference shares of £ 1 each	
	31 March 1999	1 April 1998
D L Powell	-	-
P J Long	-	-
J Wimbledon	-	-

	Deferred shares of £ 1 each	
	31 March 1999	1 April 1998
D L Powell	-	-
P J Long	-	-
J Wimbledon	-	-

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with the suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Auditors

Griffiths, Green, Arnold were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

HOLIDAY EXPRESS (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 1999

Directors' responsibilities

Company law requires the directors to prepare financial statements for each and fair view of the state of affairs of the company and of the profit or loss on 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, substantiated and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is in company will continue in business.

The directors are responsible for keeping proper accounting records which disclose at any time the financial position of the company and to enable them to ensure compliance with the Companies Act 1985. They are also responsible for safeguarding the assets and hence for taking reasonable steps for the prevention and detection of fraud.

By order of the board

.....
D L Powell
Director
.....

David Powell

15.11.99

HOLIDAY EXPRESS (UK) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF HOLIDAY EXPRESS (UK) LIMITED

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of 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.

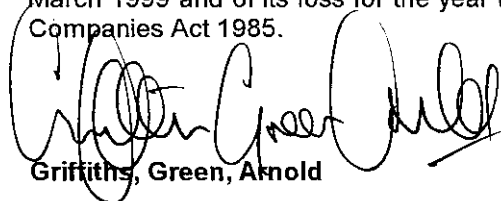
Basis of opinion

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 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 March 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Griffiths, Green, Arnold

Chartered Accountants
Registered Auditor

15 November 1999

11 New Street, Pontnewydd
Cwmbran
NP44 1EE

HOLIDAY EXPRESS (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1999

	Notes	1999 £	1998 £
Turnover	2	21,811,396	21,693,208
Cost of sales		(19,128,128)	(19,069,424)
Gross profit		2,683,268	2,623,784
Administrative expenses		(2,675,767)	(2,565,730)
Other operating income		3,663	30,753
Operating profit	3	11,164	88,807
Other interest receivable and similar income	4	1,672	2,392
Interest payable and similar charges	5	(38,634)	(72,131)
(Loss)/profit on ordinary activities before taxation		(25,798)	19,068
Tax on (loss)/profit on ordinary activities	6	(16,505)	-
(Loss)/profit on ordinary activities after taxation	16	(42,303)	19,068

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.

HOLIDAY EXPRESS (UK) LIMITED

BALANCE SHEET AS AT 31 MARCH 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Intangible assets	7	607,500		641,250	
Tangible assets	8	643,412		684,366	
Investments	9	600		600	
		<u>1,251,512</u>		<u>1,326,216</u>	
Current assets					
Stocks	10	48,428		42,465	
Debtors	11	4,546,076		4,279,561	
Cash at bank and in hand		269,866		376,111	
		<u>4,864,370</u>		<u>4,698,137</u>	
Creditors: amounts falling due within one year	12	(5,029,749)		(4,668,065)	
Net current (liabilities)/assets			(165,379)		30,072
Total assets less current liabilities			<u>1,086,133</u>		<u>1,356,288</u>
Creditors: amounts falling due after more than one year	13		(371,368)		(599,220)
			<u>714,765</u>		<u>757,068</u>
Capital and reserves					
Called up share capital	15	738,000		738,000	
Profit and loss account	16	(23,235)		19,068	
Shareholders' funds	17		<u>714,765</u>		<u>757,068</u>
Equity interests			1,765		34,068
Non-equity interests			713,000		723,000
			<u>714,765</u>		<u>757,068</u>

The financial statements were approved by the Board on 15.11.1999

.....
D L Powell
Director

David L Powell

HOLIDAY EXPRESS (UK) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1999

	1999 £	1998 £
Net cash inflow from operating activities	331,060	594,199
Returns on investments and servicing of finance		
Interest received	1,672	2,392
Interest paid	(38,634)	(72,131)
Net cash outflow for returns on investments and servicing of finance	(36,962)	(69,739)
Capital expenditure and financial investment		
Payments to acquire intangible assets	-	(675,000)
Payments to acquire tangible assets	(153,379)	(627,023)
Payments to acquire investments	-	(600)
Receipts from sales of tangible assets	16,020	10,700
Net cash outflow for capital expenditure	(137,359)	(1,291,923)
Net cash inflow/(outflow) before management of liquid resources and financing	156,739	(767,463)
Financing		
Issue of ordinary share capital	-	15,000
Issue of preference share capital	-	723,000
Issue of shares	-	738,000
New long term bank loan	-	350,000
Other new long term loans	175,000	200,000
Receipt from new hire purchase contract	41,042	-
Repayment of long term bank loan	(350,000)	-
Repayment of other long term loans	(22,200)	(29,400)
Capital element of hire purchase contracts	(42,796)	(43,510)
Capital element of finance lease contracts	(64,030)	(71,516)
(Decrease)/increase in debt	(262,984)	405,574
Net cash (outflow)/inflow from financing	(262,984)	1,143,574
(Decrease)/increase in cash in the year	(106,245)	376,111

HOLIDAY EXPRESS (UK) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1999

1	Reconciliation of operating profit to net cash inflow from operating activities	1999	1998
		£	£
	Operating profit	11,164	88,807
	Depreciation of tangible assets	187,826	209,243
	Amortisation of intangible assets	33,750	33,750
	(Profit)/loss on disposal of tangible assets	(1,013)	1,950
	Increase in stocks	(5,963)	(42,465)
	Increase in debtors	(266,515)	(4,279,561)
	Increase in creditors within one year	385,978	4,568,308
	(Decrease)/Increase in creditors after more than one year	(14,167)	14,167
	Net cash inflow from operating activities	331,060	594,199

2	Analysis of net debt	1 April 1998	Cash flow	Other non-cash changes	31 March 1999
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	376,111	(106,245)		269,866
	Debt:				
	Finance leases	(164,210)	106,826	(49,542)	(106,926)
	Debts falling due after one year	(520,600)	197,200	-	(323,400)
		(684,810)	304,026	(49,542)	(430,326)
	Net debt	(308,699)	197,781	(49,542)	(160,460)

3	Reconciliation of net cash flow to movement in net debt	1999	1998
		£	£
	(Decrease)/increase in cash in the year	(106,245)	376,111
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	304,026	(405,574)
	Change in net debt resulting from cash flows	197,781	(29,463)
	New finance lease	(49,542)	(279,236)
	Movement in net debt in the year	148,239	(308,699)
	Opening net debt	(308,699)	-
	Closing net debt	(160,460)	(308,699)

4 Major non-cash transactions

During the year the company entered into hire purchase arrangements in respect of assets with a total capital value at inception of the leases of £49,542 (1998: £279,236).

HOLIDAY EXPRESS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

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

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life, which is considered to be 20 years. In the directors' opinion this is the period expected to benefit from the circumstances in existence at the date of acquisition.

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:

Land and buildings leasehold	20% straight line
Computer equipment	25% straight line
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

Stock is valued at the lower of cost and net realisable value.

1.9 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.

2 Turnover

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

HOLIDAY EXPRESS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

3	Operating profit	1999	1998
		£	£
	Operating profit is stated after charging:		
	Amortisation of intangible assets	33,750	33,750
	Depreciation of tangible assets	187,826	209,243
	Operating lease rentals	332,657	337,867
	Auditors' remuneration	22,274	15,000
		<u> </u>	<u> </u>
4	Other interest receivable and similar income	1999	1998
		£	£
	Bank interest	1,672	1,110
	Other interest	-	1,282
		<u> </u>	<u> </u>
		1,672	2,392
		<u> </u>	<u> </u>
5	Interest payable	1999	1998
		£	£
	On bank loans and overdrafts	3,625	21,378
	On other loans wholly repayable within 5 years	6,264	19,534
	Hire purchase interest	14,340	31,219
	On overdue tax	14,405	-
		<u> </u>	<u> </u>
		38,634	72,131
		<u> </u>	<u> </u>
6	Taxation	1999	1998
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 21% (1998 - 21%)	3,886	-
	Prior years		
	U.K. corporation tax	12,619	-
		<u> </u>	<u> </u>
		16,505	-
		<u> </u>	<u> </u>

If provision were to be made for deferred taxation on the basis of the full potential liability, the tax charge for the year would increase by £7,164 (1998 - £15,519).

HOLIDAY EXPRESS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

7 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 1998 & at 31 March 1999	675,000
	<hr/>
Amortisation	
At 1 April 1998	33,750
Charge for year	33,750
	<hr/>
At 31 March 1999	67,500
	<hr/>
Net book value	
At 31 March 1999	607,500
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At 31 March 1998	641,250
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HOLIDAY EXPRESS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

8 Tangible fixed assets

	Land and buildings leasehold	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 1998	65,000	404,554	237,416	186,639	893,609
Additions	-	26,467	126,794	8,618	161,879
Disposals	-	(12,000)	-	(5,500)	(17,500)
At 31 March 1999	65,000	419,021	364,210	189,757	1,037,988
Depreciation					
At 1 April 1998	14,674	105,441	38,580	50,548	209,243
On disposals	-	-	-	(2,493)	(2,493)
Charge for the year	13,000	103,962	39,883	30,981	187,826
At 31 March 1999	27,674	209,403	78,463	79,036	394,576
Net book value					
At 31 March 1999	37,326	209,618	285,747	110,721	643,412
At 31 March 1998	50,326	299,113	198,836	136,091	684,366

Included above are assets held under finance leases or hire purchase contracts as follows:

	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Net book values				
At 31 March 1999	33,053	37,756	70,750	141,559
At 31 March 1998	146,222	10,919	102,447	259,588
Depreciation charge for the year				
31 March 1999	17,245	6,664	16,683	40,592
31 March 1998	48,741	2,118	38,052	88,911

HOLIDAY EXPRESS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

9 Fixed asset investments

	Unlisted investments £
Cost	
At 1 April 1998 & at 31 March 1999	600

10 Stocks	1999 £	1998 £
Finished goods and goods for resale	48,428	42,465

11 Debtors	1999 £	1998 £
Trade debtors	4,395,853	4,014,994
Amounts owed by participating interests	-	30,508
Other debtors	47,565	124,029
Prepayments and accrued income	102,658	110,030
	4,546,076	4,279,561

Amounts falling due after more than one year and included in the debtors above are:

	1999 £	1998 £
Other debtors	-	7,917

12 Creditors: amounts falling due within one year	1999 £	1998 £
Net obligations under finance lease and hire purchase contracts	58,958	99,757
Trade creditors	4,670,243	4,421,923
Corporation tax	16,505	-
Other taxes and social security costs	205,990	112,643
Accruals and deferred income	78,053	33,742
	5,029,749	4,668,065

HOLIDAY EXPRESS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

13 Creditors: amounts falling due after more than one year	1999 £	1998 £
Bank loans	-	350,000
Other loans	323,400	170,600
Net obligations under finance leases and hire purchase agreements	47,968	64,453
Deferred income	-	14,167
	<u>371,368</u>	<u>599,220</u>
Analysis of loans		
Wholly repayable within five years	<u>323,400</u>	<u>520,600</u>
	<u>323,400</u>	<u>520,600</u>
Loan maturity analysis		
Between two and five years	<u>323,400</u>	<u>520,600</u>
The other loans are secured by a first fixed and floating charge over the whole of the assets and undertaking of the company. The finance leases and hire purchase agreements are secured on the assets to which they relate.		
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	64,277	112,922
Repayable between one and five years	56,358	75,112
	<u>120,635</u>	<u>188,034</u>
Finance charges and interest allocated to future accounting periods	(13,709)	(23,824)
	<u>106,926</u>	<u>164,210</u>
Included in liabilities falling due within one year	(58,958)	(99,757)
	<u>47,968</u>	<u>64,453</u>

HOLIDAY EXPRESS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

14 Provisions for liabilities and charges

Deferred tax is provided at 21% (1998 - 21%) analysed over the following timing differences:

	1999	Not provided 1998	1999	Provided 1998
	£	£	£	£
Accelerated capital allowances	7,164	7,703	-	-
Other timing differences	-	14,215	-	-
Tax losses available	-	(6,399)	-	-
	<u>7,164</u>	<u>15,519</u>	<u>-</u>	<u>-</u>

15 Share capital

	1999 £	1998 £
Authorised		
25,000 Ordinary shares of £ 1 each	25,000	15,000
262,000 Cumulative convertible redeemable preference shares of £ 1 each	262,000	985,000
713,000 Deferred shares of £ 1 each	713,000	-
	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
25,000 Ordinary shares of £ 1 each	25,000	15,000
- Cumulative convertible redeemable preference shares of £ 1 each	-	723,000
713,000 Deferred shares of £ 1 each	713,000	-
	<u>738,000</u>	<u>738,000</u>

During the year, 10,000 cumulative convertible preference shares of £1 each were converted into 10,000 ordinary shares of £1 each and the remaining 713,000 cumulative convertible preference shares of £1 each were converted into 713,000 deferred shares of £1 each.

The deferred shares have no right to receive dividends; have no right to vote nor to receive notice of or to attend meetings of the company; and are only entitled to share or participate in any surplus assets upon liquidation after the holders of shares of any other class other than the deferred shares have been paid 500,000 times the amount to which they might otherwise have been entitled.

HOLIDAY EXPRESS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 1998	19,068
Retained loss for the year	(42,303)
Balance at 31 March 1999	<u>(23,235)</u>

17 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
(Loss)/Profit for the financial year	(42,303)	19,068
Proceeds from issue of shares	-	738,000
Net (depletion in)/addition to shareholders' funds	(42,303)	757,068
Opening shareholders' funds	757,068	-
Closing shareholders' funds	<u>714,765</u>	<u>757,068</u>

18 Financial commitments

At 31 March 1999 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1999 £	1998 £	1999 £	1998 £
Expiry date:				
Within one year	-	-	-	334
Between two and five years	131,600	125,750	13,263	936
In over five years	168,066	170,550	-	-
	<u>299,666</u>	<u>296,300</u>	<u>13,263</u>	<u>1,270</u>

19 Directors' emoluments

	1999 £	1998 £
Emoluments for qualifying services	<u>67,947</u>	<u>76,339</u>

HOLIDAY EXPRESS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

20 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding		Maximum
	1999	1998	in year
	£	£	£
D L Powell	47,565	124,029	124,029

During the year the company rented premises from Mr D L Powell, the managing director, on normal commercial terms, at a total rent of £34,750 (1998: £39,227).

The company also conducted trade on normal commercial terms with Comtec (Europe) Limited, a company in which Mr S L Powell had a material interest. During the period the company purchased goods and services to the value of £83,975 (1998: £88,501).

21 Employees

Number of employees

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

	1999 Number	1998 Number
Office and administration	16	13
Sales	97	97
	<u>113</u>	<u>110</u>

Employment costs

	£	£
Wages and salaries	1,121,649	1,063,410
Social security costs	79,656	68,522
	<u>1,201,305</u>	<u>1,131,932</u>

22 Post balance sheet events

There have been no significant post balance sheet events.