

# Enigma Travel Group Limited

## FINANCIAL STATEMENTS

for the period ended

30 April 2007



Company Registration No 05802124

# Enigma Travel Group Limited

CONTENTS	Page
Officers and professional advisors	1
Directors' report	2
Directors' responsibilities	4
Auditors' report	5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Cash flow statement	9
Accounting policies	10
Notes to the financial statements	12

# Enigma Travel Group Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

P R Dyer  
A Perrin  
A M Appleton  
D Smith  
S Dunne

### SECRETARY

D M Jones

### REGISTERED OFFICE

185 Fleet Road  
Fleet  
Hampshire  
GU51 3BL

### AUDITORS

Baker Tilly UK Audit LLP  
Chartered Accountants  
12 Gleneagles Court  
Brighton Road  
Crawley  
West Sussex  
RH10 6AD

# Enigma Travel Group Limited

## DIRECTORS' REPORT

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The directors submit their report and the group financial statements of Enigma Travel Group Limited for the period ended 30 April 2007

### INCORPORATION

Enigma Travel Group Limited was incorporated on 2 May 2006

### PRINCIPAL ACTIVITIES

The principal activities of the group during the year was that of tour operating. The group trades under the names "Esprit Ski", "Esprit Alpine Sun", "Total Ski" and "Esprit Santa's Lapland"

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company acquired 100% of the assets and goodwill of Enigma Holidays Limited, formerly the holding company of Esprit Holidays Limited, Esprit Vacations Limited, Total Holidays Limited and Total Aviation Limited, on 22 June 2006

The results for the period and financial position of the group and company are shown in the annexed financial statements

Esprit Holidays Limited operates ski holidays to Europe under the brand names Esprit Ski and Total Ski. It also operates short breaks to Lapland and summer holidays to the Alps

During the period to 30 April 2007, the group continued to grow its passenger sales, revenues and profits ahead of its forecasts

Despite the much reported poor snow conditions, and an increase in Air Passenger Duty, passenger sales grew by 11%, revenues by 11% and operating profit by 20%

The group achieved its forecast load factors, and, based on current market conditions confidently expect to achieve its targets for the year to 30 April 2008

Esprit Vacations operates as a transport provider for Esprit Holidays Limited

Total Holidays Limited and Total Aviation Limited are dormant

### GOODWILL

The directors have taken the view that following the groups strong performance, which is forecast to continue, amortisation of goodwill is not appropriate, as further explained on page 10

### DIVIDENDS

A final dividend on the A preference shares of 11 97p per share amounting to £977,398 which has been rolled into the liability disclosed in note 15. In accordance with FRS25, the A preference shares have been classified as debt and the related dividend disclosed as an interest charge

### DIRECTORS

The following directors have held office since incorporation on 2 May 2006 -

P R Dyer

A Perrin

A M Appleton

D Smith 22 June 2006

S Dunne 22 June 2006

### THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all directors of the company

# Enigma Travel Group Limited

## DIRECTORS' REPORT

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### FINANCIAL INSTRUMENTS

The group's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange rates, liquidity and interest rate. The group has in place a risk management programme that seeks to minimise any adverse effects on the financial performance of the company.

#### *Interest rate cash flow risk*

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise its substantial cash balances, all of which earn interest at fixed rate. The group has a policy of maintaining interest rate swaps at fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

#### *Foreign exchange rate risk*

A large part of the company's fixed and variable costs are conducted in Euros and Swiss Francs. The group operates a policy of foreign currency hedging to protect itself from exchange rate movements.

### AUDITORS

On 28 September 2006, T H Dowling & Co resigned as auditor and was replaced by Baker Tilly.

The directors having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989 s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office, and a resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

### DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

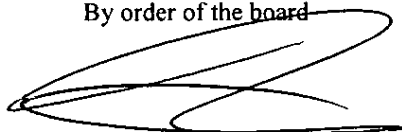
### EMPLOYEE CONSULTATION

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, the company magazine.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



A M Appleton  
Director

# Enigma Travel Group Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare the 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. 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 and group 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 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENIGMA TRAVEL GROUP LIMITED

We have audited the financial statements on pages 6 to 25

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 directors and auditors

The directors' responsibilities for preparing the Annual Report and 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 group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 30 April 2007 and of the group's profit for the period then ended and 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.

*John Tilly* UK Audit LLP  
Registered Auditor  
Chartered Accountants  
12 Gleneagles Court  
Brighton Road  
Crawley  
West Sussex  
RH10 6AD

*12<sup>th</sup> September 2007*

**Enigma Travel Group Limited**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the period ended 30 April 2007

	Notes	2007 £
TURNOVER	1	38,843,271
Cost of sales		(33,209,326)
Gross profit		5,633,945
Other operating expenses	2	(2,844,747)
Exceptional item – FRS20	3	(155,031)
		(2,999,778)
OPERATING PROFIT		2,634,167
Investment income	4	396,759
		3,030,926
Interest payable and non-equity dividends accrued	5	(1,735,348)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	1,295,578
Taxation	8	90,421
PROFIT FOR THE FINANCIAL PERIOD	18	1,385,999

The operating profit for the period arises from the group's continuing operations and includes a charge of £155,031 in accordance with FRS20 - share based payments for which a reserve has been created, see note 3

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the period ended 30 April 2007

	2007 £
Profit for the financial period	1,385,999
Share based payment credit recognised	155,031
Total gains and losses recognised in the period	1,541,030




**Enigma Travel Group Limited**  
**CONSOLIDATED BALANCE SHEET**  
**30 April 2007**

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	<i>Notes</i>	2007 £
<b>FIXED ASSETS</b>		
Intangible	10	19,203,857
Tangible	11	152,373
		<u>19,356,230</u>
 <b>CURRENT ASSETS</b>		
Debtors	13	1,723,520
Cash at bank and in hand		9,331,894
		<u>11,055,414</u>
 <b>CREDITORS</b> Amounts falling due within one year	14	<u>(6,066,042)</u>
 <b>NET CURRENT ASSETS</b>		<u>4,989,372</u>
 <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>24,345,602</u>
 <b>CREDITORS</b> Amounts falling due after more than one year	15	<u>(22,657,572)</u>
 <b>NET ASSETS</b>		<u><u>1,688,030</u></u>
 <b>CAPITAL AND RESERVES</b>		
Called up share capital	17	147,000
Profit and loss account	18	1,541,030
 <b>SHAREHOLDERS' FUNDS</b>	19	<u><u>1,688,030</u></u>

The financial statements on pages 6 to 25 were approved by the board of directors and authorised for issue on 27th July 2007 and are signed on its behalf by

  
P R Dyer - Director

  
A M Appleton - Director

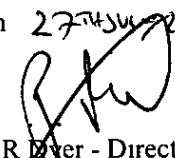
# Enigma Travel Group Limited

## COMPANY BALANCE SHEET

30 April 2007

	Notes	2007 £
<b>FIXED ASSETS</b>		
Investments	12	22,850,894
		<u>22,850,894</u>
<b>CURRENT ASSETS</b>		
Debtors	13	2,000,945
Cash at bank and in hand		255,732
		<u>2,256,677</u>
<b>CREDITORS Amounts falling due within one year</b>	14	<u>(4,111,219)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,854,542)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		20,996,352
<b>CREDITORS Amounts falling due after more than one year</b>	15	(22,657,572)
		<u>(1,661,220)</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	17	147,000
Profit and loss account	18	(1,808,220)
<b>SHAREHOLDERS' FUNDS</b>	19	<u>(1,661,220)</u>

The financial statements on pages 6 to 25 were approved by the board of directors and authorised for issue on ~~27 July 2007~~ and are signed on its behalf by

  
P R Dyer - Director

  
A M Appleton - Director

**Enigma Travel Group Limited**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**for the period ended 30 April 2007**

	Notes	2007 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	25	4,807,100
Return on investments and servicing of finance		
Interest paid	(725,124)	
Interest received	396,759	
		<u>(328,365)</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		4,478,735
CORPORATION TAX PAID		(688,130)
Capital expenditure		
Purchase of tangible fixed assets	(580,003)	
		<u>(580,003)</u>
ACQUISITION		
Purchase of subsidiary undertakings	(18,291,099)	
Less cash acquired with subsidiary	6,174,391	
		<u>(12,116,708)</u>
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(8,906,106)
Financing		
Issue of ordinary share capital	75,000	
Issue of preference shares greater than 1 yr	8,163,000	
Increase in debt greater than 1 yr	8,933,333	
Increase in debt less than 1 yr	1,066,667	
NET CASH SURPLUS FROM FINANCING		<u>18,238,000</u>
INCREASE IN CASH	25	<u>9,331,894</u>
RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET DEBT		
Increase in cash in the period		9,331,894
Cash inflow from increase in debt		(18,163,000)
		<u>(8,831,106)</u>
Charge in net debt resulting from cashflow		(8,831,106)
Other loans issued in period not for cash		(5,561,239)
		<u>(14,392,345)</u>
Movement in net debt in period	25	

# Enigma Travel Group Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards

The financial statements have been prepared on a going concern basis. This basis assumes that the parent company will be able to continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of the company's subsidiary Esprit Holidays Limited in order for the company to meet its liabilities as and when they fall due. The subsidiary has undertaken to provide this support for the foreseeable future.

Therefore the directors believe that it is appropriate for the financial statements of the parent to be prepared on a going concern basis.

### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Enigma Travel Group Limited and all of its subsidiary undertakings for the period. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from 1 May 2006 although control did not pass until 22 June 2006; the trading results of the group in the period 1 May 2006 to 22 June 2006 are deemed to be immaterial. All financial statements are made up to 30 April 2007.

### PURCHASED GOODWILL

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and reviewed annually for impairment.

The directors are of the opinion that such goodwill will sustain its value indefinitely, given the past and planned profit growth path of the company and its position within the market. In accordance with FRS10, the carrying value of purchased goodwill disclosed as an intangible asset in note 10 is reviewed annually for impairment on the basis stipulated in FRS 10 and FRS11 and adjusted to the recoverable amount should this be required. In order to give a true and fair view, for the reasons outlined above, this policy departs from the requirement of companies' legislation to amortise goodwill over a finite period. The impact of this departure from the Companies Act was to not charge amortisation of goodwill of £820,638 for the period from 22 June 2006. The Directors firmly believe this treatment better reflects a true and fair value of the company.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Motor vehicles	-	25% on cost
Computer equipment	-	25% on cost
Fixtures and fittings	-	25% on cost

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

# Enigma Travel Group Limited

## ACCOUNTING POLICIES

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### DEFERRED TAXATION (cont'd.)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lesser.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

### RETIREMENT BENEFITS

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### TURNOVER

Turnover represents the value of holidays and ancillary products in which the company is regarded as acting as principal. Turnover is recognised on date of departure.

### FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate 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 the profit and loss account.

### SHARE BASED PAYMENTS

The group issued equity-settled share based payments to certain employees and has applied the requirements of FRS 20 "share based payments".

Equity-settled share based payments are measured at fair value at the date of the grant. Fair value is measured using a Black-Scholes model. The fair value is expensed on a straight line basis over the vesting period, based on the directors' estimate of the number of shares that will eventually vest.

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 April 2007

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### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The group's turnover and profit before taxation were all derived from its principal activity Sales were made to the following geographical regions

	2007 £
UK	35,103,815
Europe	3,739,456
	<u>38,843,271</u>

### 2 OTHER OPERATING EXPENSES (NET)

	2007 £
Administration expenses	2,260,458
Selling and marketing expenses	584,289
	<u>2,844,747</u>

### 3 EXCEPTIONAL ITEM

The company has adopted FRS 20 share based payments in the year, as further explained in note 26, the charge for the year is £155,031

In accordance with FRS20 share based payments, which came into effect for the first time this year the company has been required to include a charge of £155,031 in the profit and loss account for the period with a corresponding credit being recognised in the reserves of the company as further explained on page24

### 4 INVESTMENT INCOME

	2007 £
Bank interest receivable	<u>396,759</u>

### 5 INTEREST PAYABLE

	2007 £
On bank loans and overdrafts	754,856
On other loans	3,094
Interest on preference shares classified as debt	977,398
	<u>1,735,348</u>

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 April 2007

6	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2007 £
	Profit on ordinary activities before taxation is stated after charging/(crediting)	
	Depreciation and amounts written off tangible fixed assets:	
	Charge for the year	
	owned assets	262,876
	Exchange losses/(gains)	(426,824)
	Loss on disposal of fixed assets	160,981
	Goodwill amortisation	755
	Operating lease rentals	
	Plant and machinery	6,435
	Land and buildings	61,840
	Auditors' remuneration	
	Baker Tilly UK Audit LLP	17,000
	Baker Tilly	5,000
	Auditors' remuneration for non audit work	
	Accountancy and other services	6,500
	Taxation services	3,700

Included within cost of sales is £89,205 in respect of increases in airport departure taxes, which the company was obliged to bear following the introduction of increased air passenger duty by the Government at short notice

7	EMPLOYEES	2007 No
	The average monthly number of persons (including directors) employed by the company during the year was:	
	Resort staff	349
	Permanent staff	56

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405

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	Staff costs for the above persons	2007 £
	Wages and salaries	2,494,883
	Social security costs	165,762
	Other pension costs	29,128
	Share based payment cost	155,031

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2,844,804

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	Directors' emoluments included in the above	
	Directors' emoluments	143,173
	Directors' pension contributions to money purchase schemes	18,000
	Directors share based payment cost	143,502

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304,675

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The number of directors accruing pension costs in the period was 3  
The number of directors who exercised share options in the period was 3

**Enigma Travel Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 30 April 2007

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8	<b>TAXATION</b>	2007 £
	Analysis of the tax charge	
	The tax charge on the profit on ordinary activities for the year was as follows	
	Current tax	
	UK corporation tax	(117,000)
	French corporation tax	134,604
	Total current tax	<u>17,604</u>
	Deferred tax	
	Transfer from deferred tax account	<u>(108,025)</u>
	Tax on profit on ordinary activities	<u><u>(90,421)</u></u>

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2007 £
Profit on ordinary activities before tax	1,295,578
	<u>                    </u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	388,673
Effects of	
Expenses not allowable for tax purposes	51,221
Depreciation in excess of capital allowances	74,156
French corporation tax	134,604
Preference share dividend	293,219
Management charges carried forward	248,974
Schedule 23 deduction for share based payments	(1,173,243)
Current tax charge	<u><u>17,604</u></u>

The group has unrelieved management charges of £829,914 and unrelieved foreign taxes paid of £134,604 carried forward.



**Enigma Travel Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 30 April 2007

9	DIVIDENDS				2007 £
	A Preference shares				
	Interim of 11 97p per share, aggregated with loans in note 15				977,398
					<hr/>
10	INTANGIBLE FIXED ASSETS				Goodwill £
	GROUP COST				
	Addition on purchase of subsidiary				19,200,838
	Addition acquired with subsidiary				3,774
					<hr/>
	At 30 April 2007				19,204,612
					<hr/>
	AMORTISATION				
	Amortisation for period				755
					<hr/>
	At 30 April 2007				755
					<hr/>
	NET BOOK VALUE				
	At 30 April 2007				19,203,857
					<hr/>
11	TANGIBLE FIXED ASSETS				
		Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
	GROUP COST				
	On purchase of subsidiary	764,306	39,488	68,165	871,959
	Additions	52,924	-	61,387	114,311
	Disposals	(582,513)	-	(30,683)	(613,196)
		<hr/>	<hr/>	<hr/>	<hr/>
	At 30 April 2007	234,717	39,488	98,869	373,074
		<hr/>	<hr/>	<hr/>	<hr/>
	DEPRECIATION				
	On purchase of subsidiary	357,992	13,735	38,312	410,039
	Charge for year	228,922	9,872	24,082	262,876
	Eliminated on disposal	(426,048)	-	(26,166)	(452,214)
		<hr/>	<hr/>	<hr/>	<hr/>
	At 30 April 2007	160,866	23,607	36,228	220,701
		<hr/>	<hr/>	<hr/>	<hr/>
	NET BOOK VALUE				
	At 30 April 2007	73,851	15,881	62,641	152,373
		<hr/>	<hr/>	<hr/>	<hr/>

Included in fixed assets are vehicles held under hire purchase contracts with a net book value of £Nil (2006 - £4,828) The charge in the year for depreciation on these vehicles was £4,828 (2006 - £2,897)

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 April 2007

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12	FIXED ASSETS INVESTMENTS	Unlisted investments £
	COMPANY COST	
	Addition	22,850,894
	At 30 April 2007	<u>22,850,894</u>

The company's investments at the balance sheet date in the share capital of companies include the following

Subsidiary undertakings	Nature of Business	Class of Holdings	% holding
Enigma Holidays Limited	Tour operator	Ordinary	100
Esprit Holidays Limited	Tour operator	Ordinary	100
Esprit Vacations Limited	Tour operator	Ordinary	100
Total Holidays Limited	Dormant	Ordinary	100
Total Vacation Limited	Dormant	Ordinary	100

All the above subsidiaries are registered in England & Wales. The investments in Esprit Holidays Limited and Total Vacations Limited are held by Enigma Holidays Limited. The investment in Esprit Vacations Limited is held by Esprit Holidays and the investment in Total Aviation is held by Total Holidays Ltd.

**Enigma Travel Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 30 April 2007

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13	DEBTORS	Group 2007 £	Company 2007 £
	Trade debtors	483,376	-
	Other debtors	607,244	-
	Due from subsidiary undertakings	-	2,000,000
	Deferred tax asset	246,194	-
	Prepayments	386,706	945
		<u>1,723,520</u>	<u>2,000,945</u>
	Deferred Taxation	Group 2007 £	Company 2007 £
	Balance at 1 May 2006	138,169	-
	Transfer from profit and loss account	108,025	-
	Balance at 30 April 2007	<u>246,194</u>	<u>-</u>
		Group 2007 £	Company 2007 £
	The provision for deferred taxation has been made as follows		
	Excess of tax allowances over depreciation	113,970	-
	On foreign tax recoverable	132,224	-
		<u>246,194</u>	<u>-</u>
14	CREDITORS Amounts falling due within one year	Group 2007 £	Company 2007 £
	Bank loan	1,066,667	1,066,667
	Trade creditors	1,015,826	-
	Overseas corporation tax due	9,652	-
	Social security and other taxes	377,666	-
	Client holiday deposits	1,499,237	-
	Due to subsidiary undertakings	-	2,729,627
	Accrued expenses	2,096,994	314,925
		<u>6,066,042</u>	<u>4,111,219</u>

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 April 2007

15	CREDITORS Amounts falling due after more than year	Group 2007 £	Company 2007 £
	Bank loans	9,007,289	9,007,289
	Other loans	1,194,885	1,194,885
	Preference shares	12,455,398	12,455,398
		<u>22,657,572</u>	<u>22,657,572</u>

Included above are the following

	Group 2007 £	Company 2007 £
Amounts payable		
In one year or less or on demand	1,066,667	1,066,667
In more than one year but not more than two years	2,261,552	2,261,552
In more than two years but not more than five years	7,694,315	7,694,315
In five years or more	12,701,705	12,701,705
	<u>23,724,239</u>	<u>23,724,239</u>

	£	£
Amounts repayable other than by instalments falling due after more than five years	5,388,956	5,388,956
Amounts repayable by instalments, the amount falling due after more than five years	7,312,749	7,312,749
Analysis of debt maturity	<u>12,701,705</u>	<u>12,701,705</u>

### Preference Shares

The A preference shares carry a 14% cumulative dividend until 1 October 2011 or later if repayment is not made at the due date. The dividend for the period to 30 April 2007 is to be rolled into the repayment terms of the A preference shares as set out below. The A preference shares are repayable in 8 equal half yearly instalments commencing on 1 April 2011, or earlier at the company's request provided that 75% of the A preference shareholders and 50% of the B preference shareholders vote in agreement with this proposal. The preference shares will be redeemed before any listing or share sale event unless 75% of the A preference shareholders give notice in writing to the contrary.

On a winding up or liquidation of the company the A preference shareholders rank in priority to all other shareholders for the repayment of the issue price of the A preference shares and any accrued dividend, including interest.

The A preference shareholders are not entitled to receive notice, attend or vote at any general meeting of the shareholders.

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 April 2007

### 15 CREDITORS Amounts falling due after more than year (cont'd)

The B preference shareholders are not entitled to any dividend and are not entitled to receive notice, attend or vote at any general meeting of the shareholders. The B preference shareholders will be redeemed before any listing or share sale event provided that the A preference shareholders have been redeemed.

On a winding up or liquidation of the company the B preference shareholders rank second to the A preference shareholders but in priority to all other shareholders for the repayment of the issue price of each B preference share.

No preference shares will be redeemed without the prior approval of the Civil Aviation Authority.

#### Bank loans

Bank loans repayable by instalments carry interest at Libor plus a variable rate between 1.875% and 2.375% depending upon the company return of debt to profitability but not less than 2.375% for the first year to 22 June 2008 and at Libor plus 8% in respect of loans not repayable by instalments. Bank loans are principally secured by a charge over the shares of the wholly owned subsidiary companies, a cross guarantee by Enigma Travel Group Ltd and Enigma Holidays Ltd and a debenture creating a fixed and floating charge over Enigma Travel Group Ltd's assets in respect of the groups borrowings.

#### Other loans

Other loans consist of two unsecured secured loan notes which. The £1,043,000 unsecured loan notes are interest free and repayable no earlier than 1 May 2008. The £151,885 3.09% unsecured guaranteed loan notes are repayable on 31 July 2008 and attract interest at 3.09% per annum. Both repayment terms are subject to conditions regarding the payment of dividends due and the compliance with the terms and conditions of other loans.

### 16 OBLIGATIONS UNDER OPERATING LEASES

	Land and buildings		Other operating leases	
	Group	Company	Group	Company
	2007	2007	2007	2007
	£	£	£	£
Expiring				
Within one year	-	-	1,538	1,538
Between one and five years	61,840	61,840	4,892	4,892
	<u>61,840</u>	<u>61,840</u>	<u>6,430</u>	<u>6,430</u>

### 17 CALLED UP SHARE CAPITAL

	Group	Company
	2007	2007
	£	£
Authorised, allotted and fully paid		
Equity shares		
7,200,000 A Ordinary shares of £0.01 each	72,000	72,000
7,500,000 B Ordinary shares of £0.01 each	75,000	75,000
300,000 C Ordinary shares of £0.01 each, unissued	-	-
	<u>147,000</u>	<u>147,000</u>

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 April 2007

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### 17 CALLED UP SHARE CAPITAL (cont'd)

On incorporation, Enigma Travel Group Limited issued 2 Ordinary shares of £1 each at par. On 22 June 2006, share capital was increased and sub-divided as follows:

- sub-dividing and re-designating the 2 issued ordinary shares of £1 each into 200 B Ordinary shares of 1 pence each in aggregate,
- sub-dividing and re-designating the 998 unissued Ordinary shares of £1 each into 99,800 B Ordinary shares of 1 pence each, in aggregate,
- increasing the authorised share capital of the company from £1,000 to £11,628,000 by the creation of:
  - a) 7,200,000 "A" Ordinary shares of £0.01 each
  - b) 7,400,000 "B" Ordinary shares of £0.01 each
  - c) 8,163,000 "A" Preference shares of £1 each
  - d) 3,315,000 "B" Preference shares of £1 each
  - e) 300,000 "C" Ordinary shares of £0.01 each

The increased share capital was issued on 22 June 2006 at par, except for the C ordinary shares of £0.01p each. The 7,500,000 £0.01 B ordinary shares and 3,315,000 £1 B preference shares were issued as part of the acquisition of The Enigma Holidays Group.

The 7,200,000 A ordinary shares of £0.01 each and the 8,163,000 A preference shares of £1 each were issued for cash at par.

The A, B and C ordinary shares rank *pari passu* in respect of all voting, except as noted below and repayment rights on a liquidation or winding up.

If a material default has occurred the A Ordinary shares will be deemed to have one vote in excess of 95% of all the exercisable votes until such time as the material default has been waived by the majority shareholders or rectified or the majority shareholders cancel their voting adjustment.

**Enigma Travel Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 30 April 2007

18	RESERVES	Group 2007 £	Company 2007 £
	Profit and loss		
	Retained profit/(loss) for the period	1,385,999	(1,808,220)
	Share based payment credit released on exercise	155,031	-
	30 April 2007	<u>1,541,030</u>	<u>(1,808,220)</u>
19	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	Group 2007 £	Company 2007 £
	Profit/(loss) for the financial period	1,385,999	(1,808,220)
	Equity share capital issued during the period	147,000	147,000
		<u>1,532,999</u>	<u>(1,661,220)</u>
	Other recognised gains and losses relating to the period	155,031	-
	Net additions/(depletion) to shareholders' funds	<u>1,688,030</u>	<u>(1,661,220)</u>
20	PURCHASE OF SUBSIDIARY UNDERTAKINGS		2007 £
	Fair value of net assets acquired.		
	Intangible fixed assets		3,774
	Tangible fixed assets		461,921
	Debtors		1,023,206
	Cash in hand and bank		6,174,391
	Creditors due within one year		(4,013,146)
			<u>3,650,146</u>
	Discharged by:		
	Cash paid	18,291,099	
	Equity shares - B Ordinary shares of £0.01 each	72,000	
	- B Preference shares of £1 each issued	3,293,000	
	Loan notes	<u>1,194,885</u>	
			<u>22,850,984</u>
	Goodwill acquired on purchase of subsidiary		<u>19,200,838</u>

The subsidiary undertaking acquired during the period contributed £4,575,299 to the group's net operating cash flows, received £384,726 in respect of net returns on investments and servicing of finance, paid £688,130 in respect of taxation and utilised £114,309 for capital expenditure

**Enigma Travel Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period ended 30 April 2007**

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**20 PURCHASE OF SUBSIDIARY UNDERTAKINGS (cont'd)**

	2007 £
Analysis of the net outflow of cash in respect of the purchase of subsidiary undertaking	
Cash consideration	18,291,099
Cash at bank and hand acquired	(6,174,391)
Net flow of cash in respect of the purchase of subsidiaries	<u>12,116,708</u>

**21 CAPITAL COMMITMENTS**

The company has entered into formal exchange contracts to buy Euros with a sterling value of £14,183,097 and Swiss Francs with a sterling value of £705,838

**22 OBLIGATIONS UNDER OPERATING LEASES**

	Land and buildings 2007 £	Other operating leases 2007 £
Expiring		
Within one year	-	1,538
Between one and five years	61,840	4,897
In more than five years	-	-
	<u>61,840</u>	<u>6,435</u>

**23 (LOSS)/PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY**

	Group 2007 £	Company 2007 £
Dealt with in the financial statements of the parent company	(1,808,220)	(1,808,220)
Retained by subsidiary undertakings	3,194,219	-
	<u>1,385,999</u>	<u>(1,808,220)</u>

**24 COMPANY PROFIT AND LOSS ACCOUNT**

As permitted by s230 Companies Act 1985, the company has not presented its own profit and loss account



# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 April 2007

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### 25 CASH FLOWS

	2007 £
a Reconciliation of operating profit to net cash inflow from operating activities	
Operating profit	2,634,167
Depreciation	263,631
Loss on disposal of fixed assets	160,981
Share based payment cost	155,031
Increase in debtors	(475,290)
Increase in creditors	2,068,580
Net cash flow from operating activities	<u>4,807,100</u>

### b Reconciliation of net debt

	Cash flow £	Other non cash changes £	At 30 April 2007 £
Cash in hand and at bank	9,331,894	-	9,331,894
Debt due after 1 yr	(17,096,333)	(5,561,239)	(22,657,572)
Debt due within 1 yr	(1,066,667)	-	(1,066,667)
	<u>(18,163,000)</u>	<u>(5,561,239)</u>	<u>(23,724,239)</u>
Total	<u>(8,831,106)</u>	<u>(5,561,239)</u>	<u>(14,392,345)</u>

### c Non cash movements

During the year the group issued unsecured loan notes and preference shares in settlement of part of the acquisition price of its subsidiary purchased in the year

The preference dividend arising on the preference shares, has been rolled into the final liability arising on redemption

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 April 2007

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### 26 SHARE BASED PAYMENTS

Equity settled share based payment transactions

Movement in outstanding options

	2007 Options (Number)	2007 Weighted average exercise price (£)
Outstanding at 1 May	123,125	3 85
Granted during the year	2,919	6 83
Exercised during the year	(126,044)	3 92
Outstanding at 30 April 2007	-	-

All options were exercised during the period

Share options granted before November 2002 have not been included in the calculation of the share based payment cost as allowed by FRS20

#### Profit and loss account

A charge to the profit and loss account has been made for options issued on or after the start date of the scheme, prorated in relation to the vesting period of 3 years

The inputs into the Black-Scholes model are as follows

Weighted average share price	£8 36
Weighted average exercise price	£3 92
Expected volatility	20 – 70%
Expected life	3 years
Risk free rate	3 06%

#### Vesting requirements

The completion of any sale, transfer, issue, allotment or renunciation in the shares of the company leading to a controlling interest being obtained by a person not already a shareholder at the date of the agreement, or a listing on a recognised stock exchange

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 April 2007

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### 27 RELATED PARTY DISCLOSURES

During the year the company paid £3,878 to P R Dyer-towards the rent of a motor vehicle, and paid £73,077 towards the rent of a chalet owned by A Perrin and P R Dyer

The company has obtained the exemption available in respect of disclosing transactions with the members of Enigma Travel Group Limited as consolidated accounts are prepared

The £151,885 3.09% unsecured guaranteed loan stock is disclosed in note 15 is held by Mr A M Appleton, a director of the company

The £1,043,000 unsecured loan stock is held by the holders of the company's A ordinary shares, including the directors. The directors' interests are as follows

	£
Mr A M Appleton	87,264
Mr P R Dyer	689,440
Mr A Perrin	196,422

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ISIS EP LLP, a shareholder of the company received monitoring fees of £50,263 in the period