

# Enigma Travel Group Limited

## FINANCIAL STATEMENTS

for the year ended

30 April 2008



Company Registration No. 05802124

# Enigma Travel Group Limited

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# Enigma Travel Group Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

P R Dyer  
A Perrin  
A M Appleton  
D Smith

### SECRETARY

A M Appleton

### REGISTERED OFFICE

185 Fleet Road  
Fleet  
Hampshire  
GU51 3BL

### AUDITOR

Baker Tilly UK Audit LLP  
Registered Auditor  
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 year ended 30 April 2008.

### PRINCIPAL ACTIVITIES

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

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the year 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 year to 30 April 2008, the group continued to grow its passenger sales, revenues and profits.

The group achieved its forecast load factors, and, based on current market conditions expects to achieve its targets for the year to 30 April 2009.

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 group's 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 14p per share amounting to £1,142,820 is declared, 40% of the declared dividend is payable within a year, and the remainder 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 1 May 2007:

P R Dyer

A Perrin

A M Appleton

D Smith

S Dunne

(Resigned 9<sup>th</sup> November 2007)

### THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

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

### 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 group.

#### *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 a 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.

# Enigma Travel Group Limited

## DIRECTORS' REPORT

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### *Foreign exchange rate risk*

A large part of the group'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.

### AUDITOR

It is proposed that Baker Tilly UK Audit LLP be reappointed 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.

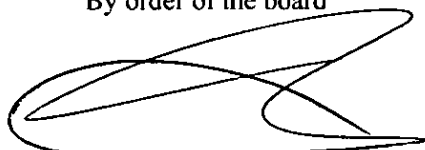
### EMPLOYEE CONSULTATION

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 and the company magazine.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

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 auditor is 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

27 August 2008

# 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**

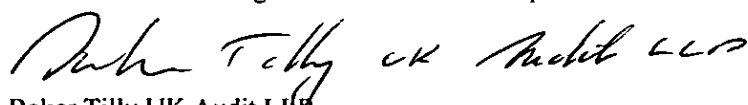
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2008 and of the group's profit for the year 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.



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

8 September 2008

# Enigma Travel Group Limited

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30 April 2008

	Notes	2008 £	2007 £
TURNOVER	1	46,370,329	38,843,271
Cost of sales		(40,182,924)	(33,209,326)
Gross profit		6,187,405	5,633,945
Other operating expenses	2	(3,001,169)	(2,844,747)
Exceptional item – Share based payment	3	-	(155,031)
		(3,001,169)	(2,999,778)
OPERATING PROFIT		3,186,236	2,634,167
Investment income	4	570,838	396,759
		3,757,074	3,030,926
Interest payable and non-equity dividends accrued	5	(1,922,533)	(1,735,348)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	1,834,541	1,295,578
Taxation	8	(897,041)	90,421
PROFIT FOR THE FINANCIAL YEAR	18	937,500	1,385,999

The operating profit for the year arises from the group's continuing operations and includes a charge of £36,609 (2007 £155,031) in accordance with FRS20 - share based payments for which a reserve has been created, see note 3.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.



**Enigma Travel Group Limited**  
**CONSOLIDATED BALANCE SHEET**  
**30 April 2008**

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Intangible assets	10	19,203,102	19,203,857
Tangible fixed assets	11	318,780	152,373
		<u>19,521,882</u>	<u>19,356,230</u>
 <b>CURRENT ASSETS</b>			
Debtors	13	1,242,886	1,723,520
Cash at bank and in hand		12,491,095	9,331,894
		<u>13,733,981</u>	<u>11,055,414</u>
 <b>CREDITORS: Amounts falling due within one year</b>	14	(10,493,058)	(6,066,042)
		<u>3,240,923</u>	<u>4,989,372</u>
<b>NET CURRENT ASSETS</b>			
		<u>22,762,805</u>	<u>24,345,602</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
 <b>CREDITORS: Amounts falling due after more than one year</b>	15	(20,100,666)	(22,657,572)
		<u>2,662,139</u>	<u>1,688,030</u>
<b>NET ASSETS</b>			
		<u><u>2,662,139</u></u>	<u><u>1,688,030</u></u>
 <b>CAPITAL AND RESERVES</b>			
Called up share capital	17	147,000	147,000
Share option reserve	18	36,609	-
Profit and loss account	18	2,478,530	1,541,030
		<u>2,662,139</u>	<u>1,688,030</u>
<b>SHAREHOLDERS' FUNDS</b>	19	<u><u>2,662,139</u></u>	<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 April 2008 and are signed on its behalf by:

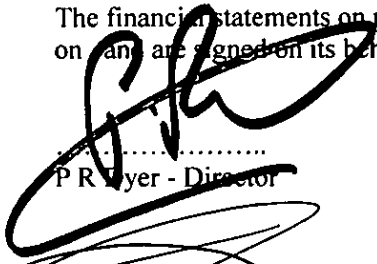
  
P R Dyer - Director

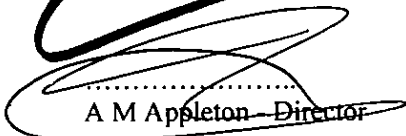
  
A M Appleton - Director

**Enigma Travel Group Limited**  
**COMPANY BALANCE SHEET**  
**30 April 2008**

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Investments	12	22,850,894	22,850,894
		<u>22,850,894</u>	<u>22,850,894</u>
<b>CURRENT ASSETS</b>			
Debtors	13	2,000,000	2,000,945
Cash at bank and in hand		236,206	255,732
		<u>2,236,206</u>	<u>2,256,677</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	(8,636,170)	(4,111,219)
<b>NET CURRENT LIABILITIES</b>		<u>(6,399,964)</u>	<u>(1,854,542)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		16,450,930	20,996,352
<b>CREDITORS: Amounts falling due after more than one year</b>	15	(20,100,666)	(22,657,572)
		<u>(3,649,736)</u>	<u>(1,661,220)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	147,000	147,000
Profit and loss account	18	(3,796,736)	(1,808,220)
<b>SHAREHOLDERS' FUNDS</b>	19	<u>(3,649,736)</u>	<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 and are signed on its behalf by:

  
P R Meyer - Director

  
A M Appleton - Director

27 August 2008

**Enigma Travel Group Limited**  
**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 30 April 2008

	Notes	2008		2007	
		£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	22a		5,887,784		4,807,100
Return on investments and servicing of finance:					
Interest paid		(779,713)		(725,124)	
Interest received		570,838		396,759	
			(208,875)		(328,365)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			5,678,909		4,478,735
CORPORATION TAX PAID			(155,733)		(688,130)
Capital expenditure:					
Purchase of tangible fixed assets		(320,019)		(580,003)	
			(320,019)		(580,003)
ACQUISITION:					
Purchase of subsidiary undertakings		-		(18,291,099)	
Less cash acquired with subsidiary		-		6,174,391	
			-		(12,116,708)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES			5,203,157		(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	
Repayment of loan		(2,043,956)		-	
NET CASH (DEFICIT)/SURPLUS FROM FINANCING			(2,043,956)		18,238,000
INCREASE IN CASH	22b		3,159,201		9,331,894
RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET DEBT					
Increase in cash in the year			3,159,201		9,331,894
Cash inflow/(outflow) from increase in debt			2,043,956		(18,163,000)
Charge in net debt resulting from cashflow			5,203,157		(8,831,106)
Other loans issued in year not for cash			(1,142,819)		(5,561,239)
Movement in net debt in year	22b		4,060,338		(14,392,345)

# 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 year. All financial statements are made up to 30 April 2008. As permitted by S230 Companies Act 1985, the company has not presented its own profit and loss account.

### 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 FRS10 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 £960,155 (2007 £960,042) for the year. The Directors firmly believe this treatment better reflects a true and fair value of the company.

### TANGIBLE FIXED ASSETS

Tangible 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.

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.

# Enigma Travel Group Limited

## ACCOUNTING POLICIES

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### 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". Share based payments are recognised in the profit and loss account, and credited to Share Option Reserve.

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 year ended 30 April 2008

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### 1 TURNOVER

The group's turnover was all derived from its principal activity. Sales were made to the following geographical regions:

	2008 £	2007 £
UK	41,944,053	35,103,815
Europe	4,426,276	3,739,456
	<u>46,370,329</u>	<u>38,843,271</u>

### 2 OTHER OPERATING EXPENSES (NET)

	2008 £	2007 £
Administration expenses	2,401,359	2,260,458
Selling and marketing expenses	599,810	584,289
	<u>3,001,169</u>	<u>2,844,747</u>

### 3 EXCEPTIONAL ITEM

In accordance with FRS20 share based payments, which came into effect for the company for the first time in 2007, the company was required to include a charge of £155,031 in 2007 in the profit and loss account for the year with a corresponding credit being recognised in the reserves of the company as further explained on page 23. The charge for the current year is £36,609 which is, in itself, not exceptional and as such is included within administration expenses.

### 4 INVESTMENT INCOME

	2008 £	2007 £
Bank interest receivable	<u>570,838</u>	<u>396,759</u>

### 5 INTEREST PAYABLE

	2008 £	2007 £
On bank loans and overdrafts	774,554	754,856
On other loans	5,159	3,094
Interest on preference shares classified as debt	1,142,820	977,398
	<u>1,922,533</u>	<u>1,735,348</u>

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2008

6	<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		
	The profit before taxation was derived from the Group's principal activity	2008 £	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	108,630	262,876
	Exchange (gains)	-	(426,824)
	Loss on disposal of tangible fixed assets	44,961	160,981
	Goodwill amortisation	755	755
	Operating lease rentals:		
	Plant and machinery	4,897	6,435
	Land and buildings	61,840	61,840
	Auditor's remuneration:		
	Baker Tilly UK Audit LLP	24,500	22,000
	Baker Tilly	-	5,000
	Current auditor's remuneration for non audit work:		
	Accountancy and other services	6,850	6,500
	Taxation services	11,900	3,700

Included within auditor's remuneration is £10,000 (2007 £9,500) in respect of the parent company's audit.

7	<b>EMPLOYEES</b>	2008 No.	2007 No.
	The average monthly number of persons (including directors) employed by the group during the year was:		
	Resort staff	414	349
	Permanent staff	60	56
		474	405
		2008 £	2007 £
	Staff costs for the above persons:		
	Wages and salaries	2,546,646	2,494,883
	Social security costs	182,239	165,762
	Other pension costs	25,205	29,128
	Share based payment cost	36,609	155,031
		2,790,699	2,844,804
	Directors' emoluments included in the above:		
	Directors' emoluments	305,877	143,173
	Directors' pension contributions to money purchase schemes	18,000	18,000
	Directors' share based payment cost	-	143,502
		323,877	304,675

The number of directors accruing pension costs in the year was 3.

No directors exercised share options in the year (2007: 4) and no share options were awarded to directors in the year.

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2008

7	EMPLOYEES (Continued)	2008 £	2007 £
	Directors emoluments disclosed above include the following payments in respect of the highest paid director:		
	Emoluments	110,479	75,647
	Money purchase pension contributions	6,000	6,000
		<u>116,479</u>	<u>81,647</u>
8	TAXATION	2008 £	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	718,292	(117,000)
	Adjustments for prior year's tax	(10,708)	-
		<u>707,584</u>	<u>(117,000)</u>
	Total UK corporation tax	181,704	134,604
	Overseas corporation tax		
		<u>889,288</u>	<u>17,604</u>
	Total current tax		
	Deferred tax:		
	Transfer to/(from) deferred tax account	7,753	(108,025)
		<u>897,041</u>	<u>(90,421)</u>
	Tax on profit on ordinary activities		
		<u>897,041</u>	<u>(90,421)</u>
	<b>Factors affecting the tax charge</b>		
	The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:		
		2008 £	2007 £
	Profit on ordinary activities before tax	<u>1,834,541</u>	<u>1,295,578</u>
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%/28% (2007 30%)	547,244	388,673
	Effects of:		
	Expenses not allowable for tax purposes	11,827	51,221
	Depreciation in (less than)/excess of capital allowances	(18,714)	74,156
	Overseas corporation tax not eligible for double tax relief	18,736	134,604
	Preference share dividend	340,903	293,219
	Management charges carried forward	-	248,974
	Schedule 23 deduction for share based payments	-	(1,173,243)
	Under provision of UK tax in respect of the previous year	(10,708)	-
		<u>889,288</u>	<u>17,604</u>
	Current tax charge		

The group has unrelieved management charges of £823,325 (2007 £829,914) and unrelieved foreign taxes paid of £139,596 (2007 £134,604) carried forward.



**Enigma Travel Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 April 2008

9	DIVIDENDS			2008 £	2007 £
	14% Cumulative A Preference shares			1,142,820	977,398
10	INTANGIBLE ASSETS				Goodwill £
	GROUP COST				
	At 1 May 2007 and 30 April 2008				19,204,612
	AMORTISATION				
	At 1 May 2007				755
	Amortisation for year				755
	At 30 April 2008				1,510
	CARRYING VALUE				
	At 30 April 2008				19,203,102
	At 1 May 2007				19,203,857
11	TANGIBLE FIXED ASSETS				
		Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
	GROUP COST				
	At 1 May 2007	234,717	39,488	98,869	373,074
	Additions	272,824	-	47,195	320,019
	Eliminated on disposal	(46,960)	-	(13,660)	(60,620)
	At 30 April 2008	460,581	39,488	132,404	632,473
	DEPRECIATION				
	At 1 May 2007	160,866	23,607	36,228	220,701
	Charge for year	64,339	7,962	36,329	108,630
	Eliminated on disposal	(12,223)	-	(3,415)	(15,638)
	At 30 April 2008	212,982	31,569	69,142	313,693
	NET BOOK VALUE				
	At 30 April 2008	247,599	7,919	63,262	318,780
	At 1 May 2007	73,851	15,881	62,641	152,373

Included in fixed assets are vehicles held under hire purchase contracts with a net book value of £nil (2007 - £nil). The charge in the year for depreciation on these vehicles was £nil (2007 - £4,828).

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2008

12	FIXED ASSET INVESTMENTS	Unlisted investments
	COMPANY	£
	COST	
	At 1 May 2007 and at 30 April 2008	22,850,894

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.

All of these subsidiaries are included in the consolidated financial statements of the Enigma Travel Group Limited.

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2008

13	DEBTORS	Group 2008 £	Company 2007 £	Group 2007 £	Company 2007 £
	Trade debtors	349,842	-	483,376	-
	Other debtors	335,389	-	607,244	-
	Due from subsidiary undertakings	-	2,000,000	-	2,000,000
	Deferred tax asset	238,441	-	246,194	-
	Prepayments	319,214	-	386,706	945
		<u>1,242,886</u>	<u>2,000,000</u>	<u>1,723,520</u>	<u>2,000,945</u>
		Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
	Included in the above is amounts due in greater than one year:				
	Deferred tax asset	209,846	-	220,819	-
		<u></u>	<u></u>	<u></u>	<u></u>
	Deferred Taxation	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
	Balance at 1 May 2007	246,194	-	138,169	-
	Transfer (to)/from profit and loss account	(7,753)	-	108,025	-
	Balance at 30 April 2008	<u>238,441</u>	<u>-</u>	<u>246,194</u>	<u>-</u>
		Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
	The provision for deferred taxation has been made as follows:				
	Excess of tax allowances over depreciation	88,595	-	113,970	-
	On foreign tax recoverable	139,596	-	132,224	-
	On share based payments	10,250	-	-	-
		<u>238,441</u>	<u>-</u>	<u>246,194</u>	<u>-</u>

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2008

14	CREDITORS: Amounts falling due within one year	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
	Bank loan	1,066,667	1,066,667	1,066,667	1,066,667
	Trade creditors	1,637,537	-	1,015,826	-
	Corporation tax due	743,187	-	9,652	-
	Other taxes and social security	844,691	-	377,666	-
	Client holiday deposits	1,684,632	-	1,499,237	-
	Due to subsidiary undertakings	-	5,634,813	-	2,729,627
	Accrued expenses	2,860,575	278,921	2,096,994	314,925
	Other loans	1,194,885	1,194,885	-	-
	Preference share dividends	460,884	460,884	-	-
		<u>10,493,058</u>	<u>8,636,170</u>	<u>6,066,042</u>	<u>4,111,219</u>
15	CREDITORS: Amounts falling due after more than year	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
	Bank loans	6,963,333	6,963,333	9,007,289	9,007,289
	Other loans	-	-	1,194,885	1,194,885
	Preference shares	13,137,333	13,137,333	12,455,398	12,455,398
		<u>20,100,666</u>	<u>20,100,666</u>	<u>22,657,572</u>	<u>22,657,572</u>
	Included above are the following:				
		Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
	Amounts payable:				
	In one year or less or on demand	2,722,436	2,722,436	1,066,667	1,066,667
	In more than one year but not more than two years	1,070,000	1,070,000	2,261,552	2,261,552
	In more than two years but not more than five years	11,655,085	11,655,085	7,694,315	7,694,315
	In five years or more	7,375,581	7,375,581	12,701,705	12,701,705
		<u>22,823,102</u>	<u>22,823,102</u>	<u>23,724,239</u>	<u>23,724,239</u>
	Amounts repayable other than by instalments falling due after more than five years	3,315,000	3,315,000	5,388,956	5,388,956
	Amounts repayable by instalments, the amount falling due after more than five years	4,060,581	4,060,581	7,312,749	7,312,749
	Analysis of debt maturity	<u>7,375,581</u>	<u>7,375,581</u>	<u>12,701,705</u>	<u>12,701,705</u>

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2008

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

#### 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 year to 30 April 2007 and the half yearly dividend to 31 October 2007 was 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.

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 2.0% depending upon the company return of debt to profitability, this was not less than 2.375% for the first year to 22 June 2008. 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 Limited's assets in respect of the groups borrowings.

In order to mitigate the interest rate risk on the bank loans repayable by instalments the company has entered into an interest rate swap agreement where each quarter the company will receive or pay the difference on the interest on the notional capital sums detailed below at a fixed rate of 5.295% compared to the LIBOR rate. During the year the company received £30,478 in respect of this arrangement.

31 August 2007 to 31 May 2007	£4,000,000
31 May 2007 to 30 May 2008	£3,573,333
30 May 2008 to 29 May 2009	£3,146,666
29 May 2009 to 28 August 2009	£2,613,333

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2008

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### 16 OBLIGATIONS UNDER OPERATING LEASES

Group	Land and buildings		Other operating leases	
	2008	2007	2008	2007
	£	£	£	£
Expiring:				
Within one year	-	-	-	1,538
Between one and five years	61,840	61,840	4,897	4,897
	<u>61,840</u>	<u>61,840</u>	<u>4,897</u>	<u>6,435</u>
	<u><u>61,840</u></u>	<u><u>61,840</u></u>	<u><u>4,897</u></u>	<u><u>6,435</u></u>
Company	Land and buildings		Other operating leases	
	2008	2007	2008	2007
	£	£	£	£
Expiring:				
Within one year	-	-	-	1,538
Between one and five years	61,840	61,840	4,897	4,897
	<u>61,840</u>	<u>61,840</u>	<u>4,897</u>	<u>6,435</u>
	<u><u>61,840</u></u>	<u><u>61,840</u></u>	<u><u>4,897</u></u>	<u><u>6,435</u></u>

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2008

17	CALLED UP SHARE CAPITAL	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
	Authorised, allotted and fully paid				
	Equity shares				
	7,200,000 A Ordinary shares of £0.01 each	72,000	72,000	72,000	72,000
	7,500,000 B Ordinary shares of £0.01 each	75,000	75,000	75,000	75,000
	300,000 C Ordinary shares of £0.01 each, unissued	-	-	-	-
		<u>147,000</u>	<u>147,000</u>	<u>147,000</u>	<u>147,000</u>
	Shares classified as debt				
	8,163,000 A Preference shares of £1 each	8,163,000	8,163,000	8,163,000	8,163,000
	3,315,000 B Preference shares of £1 each	3,315,000	3,315,000	3,315,000	3,315,000
		<u>11,478,000</u>	<u>11,478,000</u>	<u>11,478,000</u>	<u>11,478,000</u>

Details of the share issues and sub divisions in 2007 are disclosed in the prior year accounts.

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.

18	RESERVES	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
	Share option reserve:				
	1 May 2007	-	-	-	-
	Share option reserve for option granted during the year	36,609	-	-	-
	30 April 2008	<u>36,609</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Profit and loss:				
	1 May 2007	1,541,030	(1,808,220)	-	-
	Retained profit/(loss) for the year	937,500	(1,988,516)	1,385,999	(1,808,220)
	Share based payment credit released on exercise	-	-	155,031	-
	30 April 2008	<u>2,478,530</u>	<u>(3,796,736)</u>	<u>1,541,030</u>	<u>(1,808,220)</u>

2007 was the first year of accounting for FRS 20 share based payments. The charge in the year and subsequent credit to the profit and loss account arose from the exercise of all options in issue at that time.

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2008

19	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
	Profit/(loss) for the financial year	937,500	(1,988,516)	1,385,999	(1,808,220)
	Equity share capital issued during the period	-	-	147,000	147,000
		<u>937,500</u>	<u>(1,988,516)</u>	<u>1,532,999</u>	<u>(1,661,220)</u>
	Other recognised gains and losses relating to the period	-	-	155,031	-
	Share option reserve for option granted during the year	36,609	-	-	-
		<u>974,109</u>	<u>(1,988,516)</u>	<u>1,688,030</u>	<u>(1,661,220)</u>
	Net additions/(depletion) to shareholders' funds	974,109	(1,988,516)	1,688,030	(1,661,220)
	Opening shareholders' funds	1,688,030	(1,661,220)	-	-
		<u>2,662,139</u>	<u>(3,649,736)</u>	<u>1,688,030</u>	<u>(1,661,220)</u>

## 20 CAPITAL COMMITMENTS

The company has entered into formal exchange contracts to buy Euros with a sterling value of £nil (2007 £14,183,097) and Swiss Francs with a sterling value of £nil (2007 £705,838).

21	(LOSS)/PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
	Dealt with in the financial statements of the parent company	(1,988,516)	(1,988,516)	(1,808,220)	(1,808,220)
	Retained by subsidiary undertakings	2,926,016	-	3,194,219	-
		<u>937,500</u>	<u>(1,988,516)</u>	<u>1,385,999</u>	<u>(1,808,220)</u>



# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2008

### 22. CASH FLOWS

	2008 £	2007 £
a. Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	3,186,236	2,634,167
Depreciation	109,385	263,631
Loss on disposal of fixed assets	44,961	160,981
Share based payment cost	36,609	155,031
Decrease/(increase) in debtors	480,634	(475,290)
Increase in creditors	2,029,959	2,068,580
Net cash flow from operating activities	<u>5,887,784</u>	<u>4,807,100</u>

### b. Reconciliation of net debt

	At 1 May 2007 £	Cash flow £	Other non cash changes £	At 30 April 2008 £
Cash in hand and at bank	9,331,894	3,159,201	-	12,491,095
Debt due after 1 yr	(22,657,572)	2,043,956	512,950	(20,100,666)
Debt due within 1 yr	(1,066,667)	-	(1,655,769)	(2,722,436)
	<u>(23,724,239)</u>	<u>2,043,956</u>	<u>(1,142,819)</u>	<u>(22,823,102)</u>
Total	<u>(14,392,345)</u>	<u>5,203,157</u>	<u>(1,142,819)</u>	<u>(10,332,007)</u>

### c. Non cash movements

During the previous 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 to 30 April 2007. The preference dividend arising in 2007 and £631,895 of the preference dividend arising in 2008 has been rolled into the final liability arising on redemption.

# Enigma Travel Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2008

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### 23 SHARE BASED PAYMENTS

Equity settled share based payment transactions

Movement in outstanding options:

	2008 Options (Number)	2008 Weighted average exercise price (£)	2007 Options (Number)	2007 Weighted average exercise price (£)
Outstanding at 1 May	-	-	123,125	3.85
Granted during the year	178,125	0.52	2,919	6.83
Exercised during the year	-	-	(126,044)	3.92
Outstanding at 30 April 2008	178,125	0.52	-	-

The average contractual life of the options standing at 30 April 2008 is indefinite as there is no acquisition date of the options, except on termination of employment.

Share based payments on options not exercised are credited to share option reserve.

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

Share options are granted to employees of Esprit Holidays Limited to purchase shares in Enigma Travel Group Limited. Shares will be exercised from existing shares held by P R Dyer so no additional shares will be issued.

#### 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 2 years.

The inputs into the Black-Scholes model are as follows:

Weighted average share price	£0.52
Weighted average exercise price	£0.01
Expected volatility	20 – 70%
Expected life	2 years
Risk free rate	5.5%

Expected volatility was determined by calculating the volatility of the group's returns of the Share.

#### 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 year ended 30 April 2008

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### 24 RELATED PARTY DISCLOSURES

During the year the company paid £4,177 (2007: £3,878) to P R Dyer towards the rent of a motor vehicle, and paid £73,077 (2007: £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 14 within other loans is held by Mr A M Appleton, a director of the company.

Also within other loans is £1,043,000 unsecured loan stock 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
	<hr/>

ISIS EP LLP, a shareholder of the company, received monitoring fees of £59,471 (2007: £50,263) in the year.