

COMPANY REGISTRATION NUMBER SC136334

RADICAL TRAVEL GROUP LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2005

HARGREAVES, BROWN & BENSON
Chartered Accountants & Registered Auditors
1 Bond Street
Colne
Lancashire
BB8 9DG



RADICAL TRAVEL GROUP LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

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RADICAL TRAVEL GROUP LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company during the year were the operation of coach tours and general sales agent.

Both the level of business and the year end financial position of the company were satisfactory and the directors expect that the present level of activity will be maintained for the foreseeable future.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £217,406. The directors have not recommended a dividend.

FINANCIAL INSTRUMENTS

Details of the company's financial risk management objectives and policies are included in note 19 to the accounts.

DIRECTORS

The directors who served the company during the year were as follows:

A. M. Campbell
D.I.D. Howie

The directors have no interests in the shares of any group company.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the EU.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 10 to 14, 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; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

RADICAL TRAVEL GROUP LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

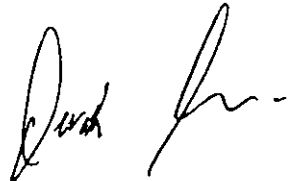
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors have, in determining how amounts are presented within items in the Profit And Loss Account and Balance Sheet, given regard to the substance of the reported transaction or arrangement in accordance with generally accepted accounting practice.

AUDITOR

A resolution to re-appoint Hargreaves, Brown & Benson as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
7 - 9 Blackfriars Street
Edinburgh
EH1 1NB

Signed by order of the directors



D. I. D. HOWIE
Company Secretary

Approved by the directors on 24th March 2006

RADICAL TRAVEL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF RADICAL TRAVEL GROUP LIMITED

YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements of Radical Travel Group Limited for the year ended 31 December 2005 on pages 5 to 26 which have been prepared on the basis of the accounting policies set out on pages 10 to 14.

This report is made solely to the company's shareholder, 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 shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 or material inconsistencies within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

RADICAL TRAVEL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF RADICAL TRAVEL GROUP LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2005

OPINION

In our opinion:

the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and

the financial statements have been properly prepared in accordance with the Companies Act 1985.



HARGREAVES, BROWN & BENSON
Chartered Accountants
& Registered Auditors

1 Bond Street
Colne
Lancashire
BB8 9DG

24 March 2006

RADICAL TRAVEL GROUP LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 £
TURNOVER	2	2,679,367	2,429,880
Cost of sales		<u>873,085</u>	<u>764,650</u>
GROSS PROFIT		1,806,282	1,665,230
Administrative expenses		1,477,202	1,420,785
Other operating income		<u>(11,017)</u>	<u>(37,812)</u>
OPERATING PROFIT	3	340,097	282,257
Interest receivable	6	15,327	7,109
Interest payable and similar charges	7	<u>(31,444)</u>	<u>(28,697)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		323,980	260,669
Tax on profit on ordinary activities	8	<u>106,574</u>	<u>57,273</u>
PROFIT FOR THE FINANCIAL YEAR		<u>217,406</u>	<u>203,396</u>

All of the activities of the company are classed as continuing.

The notes on pages 10 to 26 form part of these financial statements.

RADICAL TRAVEL GROUP LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

YEAR ENDED 31 DECEMBER 2005

	2005		2004 (Restated)
	£	£	£
Profit for the financial year		217,406	203,396
Opening shareholders' funds	851,356		640,855
Prior year adjustment (see note 9)	<u>(18,200)</u>		<u>(11,095)</u>
		833,156	629,760
Closing shareholders' funds		<u>1,050,562</u>	<u>833,156</u>

The notes on pages 10 to 26 form part of these financial statements.

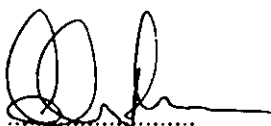
RADICAL TRAVEL GROUP LIMITED

BALANCE SHEET

31 DECEMBER 2005

	Note	2005 £	2004 (Restated) £
FIXED ASSETS			
Tangible assets	10	929,767	923,345
Investments	11	725,253	537,770
		<u>1,655,020</u>	<u>1,461,115</u>
CURRENT ASSETS			
Stocks	12	3,555	5,211
Debtors	13	156,790	115,763
Cash at bank		149,160	294,523
		<u>309,505</u>	<u>415,497</u>
CREDITORS: Amounts falling due within one year	14	<u>589,588</u>	<u>708,411</u>
NET CURRENT LIABILITIES		<u>(280,083)</u>	<u>(292,914)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,374,937</u>	<u>1,168,201</u>
CREDITORS: Amounts falling due after more than one year	15	<u>263,202</u>	<u>282,009</u>
		<u>1,111,735</u>	<u>886,192</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	18	61,173	53,036
		<u>1,050,562</u>	<u>833,156</u>
CAPITAL AND RESERVES			
Called-up equity share capital	23	15,100	15,100
Profit and loss account	24	1,035,462	818,056
SHAREHOLDERS' FUNDS		<u>1,050,562</u>	<u>833,156</u>

These financial statements were approved by the directors on the 24th March 2006 and are signed on their behalf by:



A. M. CAMPBELL

The notes on pages 10 to 26 form part of these financial statements.

RADICAL TRAVEL GROUP LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2005

	2005	2004 (Restated)
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	386,649	514,316
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	15,327	7,109
Interest paid	—	(26)
Interest element of finance leases	<u>(31,444)</u>	<u>(28,671)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(16,117)	(21,588)
TAXATION	(84,256)	(100,157)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payments to acquire tangible fixed assets	(13,365)	(207,855)
Receipts from sale of fixed assets	50,000	48,550
Loans to group undertakings	<u>(187,483)</u>	<u>(43,294)</u>
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(150,848)	(202,599)
CASH INFLOW BEFORE FINANCING	135,428	189,972
FINANCING		
Capital element of finance leases	<u>(280,791)</u>	<u>(92,171)</u>
NET CASH OUTFLOW FROM FINANCING	(280,791)	(92,171)
(DECREASE)/INCREASE IN CASH	<u>(145,363)</u>	<u>97,801</u>

The notes on pages 10 to 26 form part of these financial statements.

RADICAL TRAVEL GROUP LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 2005

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005	2004 (Restated)
	£	£
Operating profit	340,097	282,257
Depreciation	178,960	171,372
Profit on disposal of fixed assets	(11,017)	(9,596)
Decrease in stocks	1,656	1,181
(Increase)/decrease in debtors	(22,827)	42,127
(Decrease)/increase in creditors	(82,020)	38,070
Prior year adjustment (note 9)	(18,200)	(11,095)
Net cash inflow from operating activities	<u>386,649</u>	<u>514,316</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2005	2004
	£	£
(Decrease)/increase in cash in the period	(145,363)	97,801
New finance leases and similar	(211,000)	(155,000)
Cash outflow in respect of finance leases	<u>280,791</u>	<u>92,171</u>
	69,791	(62,829)
Change in net debt	(75,572)	34,972
Net debt at 1 January 2005	(228,026)	(262,998)
Net debt at 31 December 2005	<u>(303,598)</u>	<u>(228,026)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2005 £	Non-cash Movements	Cash flows £	At 31 Dec 2005 £
Net cash:				
Cash in hand and at bank	<u>294,523</u>	-	<u>(145,363)</u>	<u>149,160</u>
Debt:				
Finance lease agreements	<u>(522,549)</u>	<u>(211,000)</u>	<u>280,791</u>	<u>(452,758)</u>
Net debt	<u>(228,026)</u>	<u>(211,000)</u>	<u>135,428</u>	<u>(303,598)</u>

Restricted cash

Included in cash at bank and in hand are balances amounting to £73,900 (2004 - £72,331) held in escrow by National Westminster Bank plc which are not available for the general cash flows of the company.

The notes on pages 10 to 26 form part of these financial statements.

RADICAL TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

Basis of accounting

The accounts present information about the company as an individual undertaking and not about its group.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments, and in accordance with International Financial Reporting Standards.

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

- FRS 20 'Share-based payment (IFRS 2)' (early adoption);
- FRS 21 'Events after the Balance Sheet date (IAS 10)';
- FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)' (Disclosure: early adoption); and
- FRS 26 'Financial Instruments: Measurement (IAS 39)' (early adoption).

FRS 20 'Share-based payment (IFRS 2)'

FRS 20 'Share-Based Payment (IFRS 2)' requires the recognition of equity-settled share-based payments at fair value at the date of the grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date. Prior to the adoption of FRS 20, the company did not recognise the financial effect of share-based payments until such payments were settled.

For the year ended 31 Dec 2004 the change in accounting policy has resulted in no changes to the accounts.

For the year ended 31 Dec 2005 the change in accounting policy has also resulted in no changes to the accounts.

RADICAL TRAVEL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES *(continued)*

FRS 21 'Events after the Balance Sheet date (IAS 10)'

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

This change in accounting policy has not resulted in any prior year adjustment for the company.

FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)' and FRS 26 'Financial Instruments: Measurement (IAS 39)'

The adoption of FRS 25 and FRS 26 (Disclosure, presentation and measurement of financial instruments) has resulted in a change in the way the company determines whether a financial instrument is a financial asset or liability, or an equity instrument. The basis for measurement of the value attributed to financial instruments has also been revised.

The adoption of FRS 25 and FRS 26 has not resulted in any prior period adjustment on the results for the preceding period, nor is there any effect on the results for the current period.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

Turnover

The turnover shown in the Profit and Loss Account is the amount derived from ordinary activities, and is stated after trade discounts and other sales taxes, and is net of VAT.

Fixed assets

All fixed assets are initially recorded at cost.

RADICAL TRAVEL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	- over 18 years
Plant & Machinery	- over 3 - 5 years
Motor Coaches	- over 5 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

RADICAL TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The company participates in a group defined benefit pension scheme, which was closed to new members from 1st May 2004. The assets of the scheme are held separately from those of the company in separate trustee administered funds. The contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from regular cost are spread over the average expected remaining working lives of current members in the scheme.

From 1st May 2004 the company participated in a group defined contribution scheme, open to all employees subject to scheme rules. The assets of the scheme are held separately from those of the company in separate trustee administered funds. The contributions to the scheme are charged to the profit and loss account, on an accruals basis, as they fall due.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

RADICAL TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES *(continued)*

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account. Exchange differences arising on non-monetary items, carried at fair value, are included in the profit and loss account, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Financial instruments

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

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2005 £	2004 £
United Kingdom	<u>2,679,367</u>	<u>2,429,880</u>

RADICAL TRAVEL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2005	2004
	£	£
Depreciation of owned fixed assets	46,359	57,201
Depreciation of assets held under finance lease agreements	132,601	114,171
Profit on disposal of fixed assets	(11,017)	(9,596)
Auditor's remuneration		
- as auditor	14,000	9,000
- for other services	240	630
Operating lease costs:		
Plant and equipment	3,885	2,446
Land and buildings	35,115	35,520
Net loss/(profit) on foreign currency translation	<u>1,357</u>	<u>(1,927)</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2005	2004
	No	No
Administrative staff	10	11
Sales staff	13	8
Drivers	22	25
	<u>45</u>	<u>44</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	901,273	850,405
Social security costs	82,433	76,240
Other pension costs	53,333	42,598
	<u>1,037,039</u>	<u>969,243</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2005	2004
	£	£
Emoluments receivable	<u>107,617</u>	<u>89,838</u>

RADICAL TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

5. DIRECTORS' EMOLUMENTS *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows:

	2005	2004
	No	No
Defined benefit schemes	<u>2</u>	<u>2</u>

6. INTEREST RECEIVABLE

	2005	2004
	£	£
Bank interest receivable	<u>15,327</u>	<u>7,109</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Interest payable on bank borrowing	–	26
Finance charges	<u>31,444</u>	<u>28,671</u>
	<u>31,444</u>	<u>28,697</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005	2004
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	83,599	69,418
Over/under provision in prior year	<u>14,838</u>	<u>542</u>
Total current tax	<u>98,437</u>	<u>69,960</u>
Deferred tax:		
Origination and reversal of timing differences (note 18)		
Capital allowances	<u>8,137</u>	<u>(12,687)</u>
Tax on profit on ordinary activities	<u>106,574</u>	<u>57,273</u>

RADICAL TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

8. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005	2004 (Restated)
	£	£
Profit on ordinary activities before taxation	<u>323,980</u>	<u>260,669</u>
Tax on profit on ordinary activities at 30%	97,194	78,201
Depreciation of non-qualifying assets	740	734
Permanently disallowable expenditure	132	30
(Increase) / decrease in deferred tax provision	(8,137)	10,254
Other deferred tax adjustments	(866)	(22,911)
Corporation tax (over) / under provided in previous periods	14,834	542
Other taxation matters	-	979
Prior years adjustments	(5,460)	2,131
Total current tax (note 8(a))	<u>98,437</u>	<u>69,960</u>

9. PRIOR YEAR ADJUSTMENTS

The prior year adjustment reducing total recognised gains and losses in earlier years by £18,200 (2004 - £11,095) arises from a change in accounting policy following the adoption of International Accounting Standard 38, Intangible Assets. All expenditure of the nature described must no longer be carried forwards to future periods but expensed in the year incurred, with the exception of expenditure on activities which will actually be undertaken in the future period.

The prior year adjustment recognising an additional investment in subsidiary undertakings at 1st January 2005 arises from a change in classification of amounts owed by a subsidiary company. A group debtor of £341,125 previously recognised as a current asset has been re-classified as a non-current asset in accordance with International Accounting Standard 1, Presentation of Financial Statements. Prior year comparative figures have been re-stated.

RADICAL TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

10. TANGIBLE FIXED ASSETS

	Short Leasehold Property £	Plant & Machinery £	Motor Coaches £	Total £
COST				
At 1 January 2005	35,586	402,790	1,299,356	1,737,732
Additions	–	13,365	211,000	224,365
Disposals	–	–	(157,000)	(157,000)
At 31 December 2005	35,586	416,155	1,353,356	1,805,097
DEPRECIATION				
At 1 January 2005	12,640	364,667	437,080	814,387
Charge for the year	2,446	18,546	157,968	178,960
On disposals	–	–	(118,017)	(118,017)
At 31 December 2005	15,086	383,213	477,031	875,330
NET BOOK VALUE				
At 31 December 2005	20,500	32,942	876,325	929,767
At 31 December 2004	22,946	38,123	862,276	923,345

Finance lease agreements

Included within the net book value of £929,767 is £785,524 (2004 - £815,625) relating to held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £132,601 (2004 - £114,171).

11. INVESTMENTS

Investments in subsidiary undertakings

	Restated £
COST	
At 1 January 2005 and 31 December 2005	10
LOANS	
At 1 January 2005	196,635
Prior year adjustment (note 9)	341,125
	537,760
Advanced in year	187,483
At 31 December 2005	725,243
NET BOOK VALUE	
At 31 December 2005	725,253
At 31 December 2004	537,770

RADICAL TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

11. INVESTMENTS *(continued)*

Details of subsidiary undertakings at the balance sheet date are as follows:

The company owns 100% of the issued share capital of the companies listed below. The two companies marked with an asterisk are accommodation providers and tour operators respectively. The remaining companies are dormant, and either have been or are in the process of voluntary dissolution.

Name of company	Country of incorporation
*Morag's Lodges Limited (formerly Neviscastle Limited)	Scotland
*Shamrock Adventures Limited	Ireland
Radical Travel Limited (Company dissolved 17th March 2006)	Scotland
Radical Travel Network Limited (Company dissolved 17th March 2006)	Scotland
Destination America Limited (Company dissolved 2nd August 2005)	England and Wales

12. STOCKS

	2005	2004
	£	£
Stock	<u>3,555</u>	<u>5,211</u>

13. DEBTORS

	2005	2004
	£	(Restated) £
Trade debtors	49,551	42,386
Amounts owed by group undertakings	60,637	30,381
VAT recoverable	6,167	2,104
Other debtors	5,726	8,032
Prepayments and accrued income	34,709	32,860
	<u>156,790</u>	<u>115,763</u>

RADICAL TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

14. CREDITORS: Amounts falling due within one year

	2005	2004
	£	£
Trade creditors	75,661	63,447
Amounts owed to group undertakings	87,835	205,086
Corporation tax	83,599	69,418
PAYE and social security	54,876	55,540
Finance lease agreements	189,556	240,540
Accruals and deferred income	98,061	74,380
	<u>589,588</u>	<u>708,411</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2005	2004
	£	£
Finance leases and similar agreements	<u>189,556</u>	<u>240,540</u>

15. CREDITORS: Amounts falling due after more than one year

	2005	2004
	£	£
Finance lease agreements	<u>263,202</u>	<u>282,009</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2005	2004
	£	£
Finance leases and similar agreements	<u>263,202</u>	<u>282,009</u>

Obligations under finance leases and similar agreements which total £452,758 (2004 - £522,549) are secured by the related leased assets and include amounts which are secured by a floating charge over the company's assets, and by cross guarantees from its subsidiaries.

RADICAL TRAVEL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005

16. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2005	2004
	£	£
Amounts payable within 1 year	211,525	265,407
Amounts payable between 2 to 5 years	283,489	300,555
	495,014	565,962
Less interest and finance charges relating to future periods	(42,256)	(43,313)
	452,758	522,649
Finance lease agreements are analysed as follows:		
Current obligations	189,556	240,540
Non-current obligations	263,202	282,009
	452,758	522,549

RADICAL TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

17. PENSIONS

The company contributes to a group pension scheme open to all employees, subject to scheme rules. The scheme comprises a multi employer funded defined benefit scheme, which was closed to new members from 1st May 2004 and a multi employer defined contribution scheme, which was opened from that date. The assets are held in separate trustee administered funds. The company is unable to identify its share of the underlying assets and liabilities of the group defined benefit scheme.

The assets of the defined benefit scheme have been certified by a qualified actuary at a triennial valuation at 1st May 2004 as being capable of meeting the liabilities of the scheme as they fall due.

The method used to value the liabilities was the projected unit method, the most significant assumptions being:

- 1) Pensionable salaries increase at a rate of 4.5% per annum.
- 2) Investments, held prior to retirement of members, yield a return of 7.5% per annum.
- 3) Investments, held after retirement of members, yield a return of 5.0% per annum.
- 4) Rate of inflation will be 2.5% per annum compound.

The value of the schemes assets at 1st May 2004 was £5,877,389 which represented 62% (previously 83%) of the present value of past service liability, based on projected pensionable salaries.

To deal with the above deficit, the employer's rate of contribution, to the defined benefit scheme, was increased from the current level of 12% to a future level of 17% of members' pensionable salaries with effect from 1st May 2005. The actuary also states that the level of contribution rate may be expected to increase at the next triennial valuation.

During the year ended 31st December 2005 £50,279 was charged against profits in respect of the defined benefit scheme (2004 £42,261), and £3,054 was charged against profits in respect of the defined contribution scheme (2004 £338).

18. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2005 £	2004 £
Provision brought forward	53,036	65,723
Profit and loss account movement arising during the year	8,137	(12,687)
Provision carried forward	<u>61,173</u>	<u>53,036</u>

RADICAL TRAVEL GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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18. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2005 £	2004 £
Excess of taxation allowances over depreciation on fixed assets	61,173	53,036
	<u>61,173</u>	<u>53,036</u>

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Interest rate risk

The company's borrowings are primarily in the form of fixed rate hire purchase and finance lease agreements. As the rates are fixed there is no exposure to interest rate risk.

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk.

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk

The company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. Repayments of long term borrowings are structured so as to match the expected cash flows from the operations to which they relate.

RADICAL TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Currency risk

The company is exposed to foreign exchange risk in respect of a limited number of transactions involving Australian dollars, United States dollars and New Zealand dollars. It is also exposed to foreign exchange risk in respect of loans made to a subsidiary which operates in the Euro zone. The treasurer of the company does not use forward exchange contracts to hedge the company's exposure to foreign currency risk in the local reporting currency.

20. COMMITMENTS UNDER OPERATING LEASES

The company has entered into short term leases in respect of properties it occupies. The minimum total annual rentals under the leases are as follows: -

Commitments in respect of land and buildings

	2005 £	2004 £
Not later than one year	30,900	30,900
Later than one year and not later than five years	113,175	113,175
Later than five years	110,500	130,000
	<u>254,575</u>	<u>274,075</u>

The company also has other short term leasing commitments. The minimum total annual rentals under these leases are as follows: -

	2005 £	2004 £
Not later than one year	-	2,040
Later than one year and not later than five years	2,040	-
	<u>2,040</u>	<u>2,040</u>

RADICAL TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

21. CONTINGENCIES

The company is party to cross guarantees given to Clydesdale Bank PLC, in respect of facilities granted to itself, and two subsidiaries. No liabilities are expected to arise and no provisions have been included in the accounts of the company.

22. RELATED PARTY TRANSACTIONS

During the year the company received services from other members of the group as follows: -

	2005	2004
	£	£
Subsidiary companies	18,328	26,904
Others	95,682	87,457
	<u>114,010</u>	<u>114,361</u>

During the year the company provided services to other members of the group as follows: -

	2005	2004
	£	£
Subsidiary companies	209,919	173,513
Others	767,607	516,711
	<u>977,526</u>	<u>690,224</u>

Amounts owing to other members of the group, which are unsecured and payable on demand were: -

	2005	2004
	£	£
Parent company	523	4,419
Others	87,312	200,667
	<u>87,835</u>	<u>205,086</u>

Amounts owing by other members of the group, which are unsecured and payable on demand were: -

	2005	2004
	£	£
Subsidiary companies	725,243	537,760
Others	60,637	30,381
	<u>785,880</u>	<u>568,141</u>

Details of the company's immediate parent and of the ultimate controlling party are included at note 25.

RADICAL TRAVEL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

23. SHARE CAPITAL

Authorised share capital:

	2005	2004
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2005	£	2004	£
	No		No	
Ordinary shares of £1 each	<u>15,100</u>	<u>15,100</u>	<u>15,100</u>	<u>15,100</u>
Equity shares				
Ordinary shares of £1 each	<u>15,100</u>	<u>15,100</u>	<u>15,100</u>	<u>15,100</u>

24. PROFIT AND LOSS ACCOUNT

	2005	2004
	£	(Restated) £
Balance brought forward as previously reported	836,256	625,755
Prior year adjustment (note 9)	<u>(18,200)</u>	<u>(11,095)</u>
Balance brought forward restated	818,056	614,660
Profit for the financial year	<u>217,406</u>	<u>203,396</u>
Balance carried forward	<u>1,035,462</u>	<u>818,056</u>

25. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking that prepares group accounts is Insight Group Limited, a company registered in England and Wales. Copies of the consolidated accounts of Insight Group Limited are available from the Registrar of Companies.

The company's ultimate parent undertaking is The Travel Corporation Limited, a company incorporated in the British Virgin Islands. The accounts of this company are not available to the public.