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Activity Wales Limited

**Financial statements
for the year ended 31 December 1999**



Registered no: 2745496

Activity Wales Limited

Financial statements

for the year ended 31 December 1999

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Directors and advisers

Directors

P W Evans
Mrs J J Evans
Mrs L J Jenkins
Mrs S J O Evans
M G W Evans

Secretary and registered office

Mrs J J Evans
Clifton House
Tudor Square
Tenby
SA70 7AD

Registered Auditors

PricewaterhouseCoopers
Princess House
Princess Way
Swansea SA1 5LH

Bankers

Barclays Bank plc
16 Hamilton Terrace
Milford Haven
Dyfed SA61 2YA

Solicitors

Morgan Cole
Princess House
Princess Way
Swansea SA1 3LJ

Directors' report for the year ended 31 December 1999

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

Principal activities

Specialists in creating bespoke activity holidays, and acting as consultants and providers of marketing agency services to the tourism industry.

Review of business

The turnover and trading results for the year ended 31 December 1999 are shown in the profit and loss account on page 6. The financial position of the company at 31 December 1999 is shown in the balance sheet on page 7. The directors expect the current level of activity to be sustained for the foreseeable future. The directors consider the state of the company's affairs to be satisfactory.

Dividends and transfers to reserves

The profit on ordinary activities before taxation amounted to £57,335. Taxation charge amounted to £11,955 leaving a profit after taxation of £45,380. The directors do not recommend the payment of a dividend, the profit for the year being transferred to reserves.

Change in fixed assets

The movements in fixed assets during the year are set out in note 9 to the financial statements.

Year 2000

Many computer systems store or process data by the last two digits of the year only, resulting in incorrect or unpredictable treatment of dates after the Year 2000 in software applications.

During the period prior to the year end the company had reviewed its situation, in particular in the area of software application renewal and upgrade of its business critical systems, and in connection with the provision by suppliers and service providers of business critical systems and the consequence of any such failure. The company experienced no disruption or malfunction since the turn of the year 2000. No significant expenditure has been incurred by the company in connection with the Year 2000 matter and the directors do not consider that future expenditure will be incurred in connection with the Year 2000 matter.

Directors

The directors who held office during the year were as follows:

P W Evans
Mrs J J Evans
Mrs L J Jenkins
Mrs S J O Evans
M G W Evans

Directors' interests in shares of the company

The interests of the directors holding office at 31 December 1999 in the shares of the company were as follows:

	Number of ordinary shares of £1 each	
	1999	1998
P W Evans	1	1
Mrs J J Evans	1	1
Mrs L J Jenkins	-	-
Mrs S J O Evans	-	-
M G W Evans	-	-
	<u> </u>	<u> </u>

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

By order of the board



**Director
Tenby**

22 July 2000

**Statement of directors' responsibilities
for the year ended 31 December 1999**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those accounts, 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 accounts;
- prepare the accounts 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 accounts 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.

By order of the board



Director

22 July 2000

Report of the auditors to the members of Activity Wales Limited

We have audited the financial statements on pages 6 to 17, which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

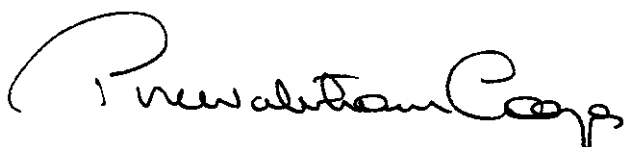
Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors
Swansea, 22 July 2000

Profit and loss account for the year ended 31 December 1999

	Notes	1999 £	1998 £
Turnover	2	304,485	222,149
Net operating expenses	3	(246,743)	(186,513)
Operating profit on ordinary activities before interest		57,742	35,636
Interest payable	6	(407)	(509)
Profit on ordinary activities before taxation	2 & 7	57,335	35,127
Tax on profit on ordinary activities	8	(11,955)	(7,775)
Profit for the year	19	45,380	27,352

The results for the year are from continuing activities.

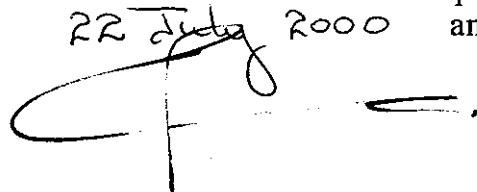
The company has no recognised gains or losses other than included in the above profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Balance sheet at 31 December 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	9	<u>9,154</u>	<u>13,606</u>
Current assets			
Stocks	10	4,678	3,318
Debtor	11	283,687	333,379
Cash at bank and in hand		255	150
		<u>288,620</u>	<u>336,847</u>
Creditors: amounts falling due within one year	12	<u>(132,367)</u>	<u>(230,426)</u>
Net current assets		<u>156,253</u>	<u>106,421</u>
Total assets less current liabilities		<u>165,407</u>	<u>120,027</u>
Provision for liabilities and charges	13	-	-
Net assets		<u><u>165,407</u></u>	<u><u>120,027</u></u>
Capital and reserves			
Called up share capital	17	2	2
Profit and loss account	18	165,405	120,025
Equity shareholders' funds		<u><u>165,407</u></u>	<u><u>120,027</u></u>

The financial statements on pages 6 to 17 were approved by the board of directors on 22 July 2000 and were signed on its behalf by:


Director

Cash flow statement for the year ended 31 December 1999

	Notes	1999 £	1998 £
Cash inflow/(outflow) from operating activities	14	6,547	(6,601)
Returns on investments and servicing of finance	15	(407)	(509)
Taxation paid		(5,209)	(3,402)
Capital expenditure	15	(1,250)	(129)
Cash inflow before financing		(319)	(10,641)
Financing	15	-	(334)
(Decrease) in cash in the year	16	(319)	(10,975)

Reconciliation of net cash flow to movement in net debt

	Notes	1999 £	1998 £
(Decrease) in cash in the year	16	(319)	(10,975)
Cash outflow resulting from financing (decrease in debt)		-	334
Charge in net debt resulting from cashflows		(319)	(10,641)
Net debt at 1 January 1999	16	(12,815)	(2,174)
Net debt at 31 December 1999	16	(13,134)	(12,815)

Notes to the financial statements for the year ended 31 December 1999

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared on the historical cost basis of accounting.

Turnover

Turnover represents sales during the accounting period, excluding value added tax.

Stocks

Stocks are stated in the balance sheet at the lower of cost and net realisable value.

Deferred taxation

The company provides deferred taxation to take account of timing differences arising from the treatment of certain items for financial statements purposes and their treatment for taxation purposes to the extent that it is probable that a liability for taxation will crystallise as a result of the reversal of those timing differences.

Connected undertakings

The term connected undertaking is used for the separate disclosure of balances due to or from companies which are controlled by persons who are directors of the company but where there is no direct investment by one company in the other.

Grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life. Revenue grants are credited to the profit and loss account only when the conditions for the receipt of the grant have been met and in order to match income with the expenditure to which it relates.

1 Principal accounting policies (continued)

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Motor vehicles	25
Fixtures and fittings	10-20
Computer equipment	25

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

2 Turnover and profit on ordinary activities before tax

	Turnover		Profit on ordinary activities before tax	
	1999 £	1998 £	1999 £	1998 £
Arranging activity holidays and activities for holidaymakers and income from tourism facility arrangements	<u>304,485</u>	<u>222,149</u>	<u>57,335</u>	<u>35,127</u>

3 Net operating expenses

	1999 £	1998 £
Promotional expenses	146,832	74,892
Administrative expenses	99,911	111,621
	<u>246,743</u>	<u>186,513</u>

4 Directors' emoluments

The remuneration paid to the directors was:

	1999 £	1998 £
Aggregate emoluments (including benefits in kind)	<u>26,797</u>	<u>33,555</u>

5 Employee information

The average weekly number of persons employed by the company during the year, including the executive director, numbered 8 (1998: 8).

	1999 £	1998 £
Staff costs (for the above persons)		
Wages and salaries	66,966	65,976
Social security costs	5,305	3,991
	<u>72,271</u>	<u>69,967</u>

6 Interest payable

	1999 £	1998 £
On bank loans and overdrafts:		
repayable within 5 years not by instalments	407	444
On hire purchase and lease finance:		
repayable within 5 years, by instalments	-	65
	<u>407</u>	<u>509</u>

7 Profit on ordinary activities before taxation

	1999 £	1998 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	5,702	8,285
Assets held under hire purchase and lease finance	-	-
Auditors' remuneration for audit	2,000	1,500
Auditors' remuneration for non-audit services	2,690	625
	<u> </u>	<u> </u>

8 Tax on profit on ordinary activities

	1999 £	1998 £
United Kingdom corporation tax charge at the effective rate of 20.25% (1998: 21%):		
Current charge	12,217	8,600
(Over)-provision in respect of prior years	(262)	(175)
Deferred tax		
(Credit) for the year	-	(650)
	<u> </u>	<u> </u>
	<u>11,955</u>	<u>7,775</u>

9 Tangible fixed assets

	Motor vehicles	Fixtures and fittings, office and computer equipment	Total
	£	£	£
Cost			
At 1 January 1999	11,649	25,831	37,480
Additions	-	1,250	1,250
	<u> </u>	<u> </u>	<u> </u>
At 31 December 1999	11,649	27,081	38,730
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
At 1 January 1999	4,611	19,263	23,874
Charge for year	2,912	2,790	5,702
	<u> </u>	<u> </u>	<u> </u>
At 31 December 1999	7,523	22,053	29,576
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 31 December 1999	4,126	5,028	9,154
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 31 December 1998	7,038	6,568	13,606
	<u> </u>	<u> </u>	<u> </u>

10 Stocks

	1999 £	1998 £
Goods for resale	<u>4,678</u>	<u>3,318</u>

11 Debtors

	1999 £	1998 £
Amounts falling due within one year		
Trade debtors	40,638	28,336
Amounts owed by connected undertakings	240,295	301,700
Other debtors	2	2
Prepayments and accrued income	2,752	3,341
	<u>283,687</u>	<u>333,379</u>

12 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank overdraft	13,389	12,965
Trade creditors	14,565	4,391
Amounts owed to connected undertakings	25,000	114,183
Corporation tax	12,217	5,471
Other taxation and social security payable	2,522	2,448
Other creditors	1,477	1,143
Accruals and deferred income	63,197	89,825
	<u>132,367</u>	<u>230,426</u>

13 Provision for liabilities and charges

	1999 £	1998 £
Deferred taxation		
At 1 January 1999	-	650
(Credit) to the profit and loss account for the year	-	(650)
At 31 December 1999	<u>-</u>	<u>-</u>

There is no amount provided or amount unprovided for deferred taxation at 31 December 1999 or at the previous balance sheet date.

14 Reconciliation of operating profit to operating cashflow

	1999 £	1998 £
Operating profit	57,742	35,636
Depreciation of tangible fixed assets	5,702	8,285
(Increase) in stocks	(1,360)	-
(Increase)/decrease in debtors	(11,713)	14,174
Decrease/(increase) in amounts owed by connected undertakings	61,405	(194,169)
(Decrease)/increase in creditors	(16,046)	40,927
(Decrease)/increase in amounts owed to connected undertakings	(89,183)	88,546
Net cash inflow/(outflow) from operating activities	6,547	(6,601)

15 Analysis of cash flow for headings in the cash flow statement

	1999 £	1998 £
Returns on investment and servicing of finance		
Interest paid on hire purchase and lease finance	-	(65)
Bank interest	(407)	(444)
	(407)	(509)
Capital expenditure		
Purchase of tangible fixed assets	(1,250)	(129)
Financing		
Hire purchase and lease finance repayments made	-	(334)

16 Analysis of net debt

	At 1 January 1999 £	Cashflows £	At 31 December 1999 £
Overdraft	(12,965)	(424)	(13,389)
Cash	150	105	255
	(12,815)	(319)	(13,134)

17 Called up share capital

	1999 £	1998 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
2 (1998: 2) ordinary shares of £1 each	<u>2</u>	<u>2</u>

18 Reserves

	£
Profit and loss account	
At 1 January 1999	120,025
Profit for the year	<u>45,380</u>
At 31 December 1999	<u>165,405</u>

19 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Opening shareholders' funds	120,027	92,675
Profit for the year	<u>45,380</u>	<u>27,352</u>
Closing shareholders' funds	<u>165,407</u>	<u>120,027</u>

20 Related party transactions

During the year, the company entered into transactions with Coastal Cottages of Pembrokeshire Limited ("Coastal Cottages"), Celtic Haven Limited ("Celtic Haven") Vox Group plc ("Vox"), companies which are controlled by Mr P W Evans and Mrs J J Evans, who are directors and shareholders of Activity Wales Limited. Amounts were also advanced to and from these related parties during the year.

In previous years the company has also received advances from and repaid advances to Media Management (Wales) Limited ("Media"), which is also a related party.

20 Related party transactions (continued)

Transactions and balances with related parties comprise:

"Coastal Cottages"

The charge to the related party for the tourism facility arrangement fee amounted to £98,000.

Amounts due from the related party at 31 December 1999 and at the previous balance sheet date are as follows:

	1999 £	1998 £
Coastal Cottages of Pembrokeshire Limited	<u>237,384</u>	<u>298,634</u>

"Vox"

Amounts due from the related party at 31 December 1999 and at the previous balance sheet date are as follows:

	1999 £	1998 £
Vox Group plc	<u>2,911</u>	<u>3,066</u>

"Celtic Haven"

Amounts due (to) the related party at 31 December 1999 and at the previous balance sheet date are as follows:

	1999 £	1998 £
Celtic Haven Limited	<u>-</u>	<u>(89,183)</u>

"Media"

Amounts due (to) the related party at 31 December 1999 and at the previous balance sheet date are as follows:

	1999 £	1998 £
Media Management (Wales) Limited	<u>(25,000)</u>	<u>(25,000)</u>

21 Ultimate controlling parties

The ultimate controlling parties are Mr P W Evans and Mrs J J Evans, who are husband and wife. Mr P W Evans and Mrs J J Evans each hold 50% of the equity share capital of the company.