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TRAILFINDERS LIMITED

DIRECTORS' REPORT

29 AUG 1990

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FINANCIAL STATEMENTS

24TH FEBRUARY 1990

KIDSONS IMPEY

Chartered Accountants

LONDON

TRAILFINDERS LIMITED

1.

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the 52 weeks ended 24th February, 1990.

CHANGE OF NAME

On 18th May 1989 the company changed its name from Trail Finders Limited to Trailfinders Limited.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company continued to be that of travel agents and supplier of related services.

The company has expanded its trade during the period and anticipates continuing, steady expansion.

PROFITS AND DIVIDENDS

The profit for the period after tax amounted to £1,599,048. During the year dividends amounting to £419,508 were paid and £1,179,540 transferred to reserves.

SIGNIFICANT EVENTS

Significant events both during the period and since the balance sheet date are disclosed in the notes on the financial statements.

DIRECTORS

The following were directors of the company at 24th February 1990 and served throughout the period except as stated:-

M.D.W. Gooley (Chairman)
W. Heath, LL.B.
K. Norman, F.C.A.
A.M. Russell
Lt. Col. T.P. Hardy, T.D.
The Rt. Hon. Viscount Slim, O.B.E.
M. Bannister (appointed 2nd April 1989)
G.M. Millar (appointed 2nd April 1989)

In addition, K.J. Beswick served from 2nd April 1989 to 29th December 1989.

DIRECTORS' REPORT

(CONTINUED)

DIRECTORS' SHAREHOLDINGS

The interests of the directors in the company's share capital are set out below:-

<u>Director</u>	<u>Ordinary shares of 10 pence each</u>	
	<u>At 24th February 1990</u>	<u>At 25th February 1989</u>
M.D.W. Gooley	925,280	925,280
W. Heath, LL.B.	10,320	10,320
LT. Col. T.P. Hardy, T.D.	40,000	40,000

SHARE CAPITAL

During the year the company purchased 56,000 of its own ordinary shares of 10p each for a consideration of £45,524. The shares were purchased from R.B.S. Greenhill on his retirement as a director of the company. The shares purchased represented 5.4 per cent of the called up share capital of the company.

FIXED ASSETS

The movements in fixed assets during the period are set out in note 8 to the financial statements.

CHARITABLE CONTRIBUTIONS

During the period, the company made contributions for charitable purposes amounting to £3,412 (1989: £2,400).

AUDITORS

Kidsons Impey, successors to Kidsons, have agreed to offer themselves for re-election as auditors of the company.

Registered Office:

48 Earls Court Road,
London W8 6EJ.

3rd July 1990.

By Order of the Board

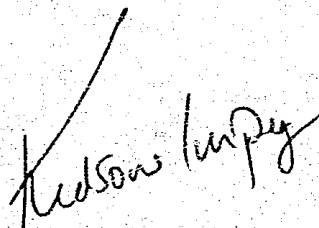
Mark Bannister
M. BANNISTER

Secretary

TRAILFINDERS LIMITEDREPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 4 to 13 in accordance with Auditing Standards.

In our opinion: the financial statements give a true and fair view of the state of the company's affairs at 24th February, 1990 and of its profit and source and application of funds for the 52 weeks ended on that date and have been properly prepared in accordance with the Companies Act 1985.



KIDSONS IMPEY

Chartered Accountants

London, 3rd July 1990.

TRAILFINDERS LIMITED

4.

PROFIT AND LOSS ACCOUNTFOR THE 52 WEEKS ENDED 24TH FEBRUARY 1990

	<u>Note</u>	<u>£</u>	<u>1990</u>	<u>£</u>	<u>1989</u>	<u>£</u>
TURNOVER	2		53,187,173		40,173,990	
Cost of sales			46,609,524		35,199,882	
Gross profit			6,577,649		4,974,108	
Other operating income			200,811		154,512	
			6,778,460		5,128,620	
Staff costs	5	3,143,961		2,289,740		
Depreciation		309,074		156,833		
Other operating charges		1,958,532		1,209,545		
			5,411,567		3,656,118	
			1,366,893		1,472,502	
Other interest receivable and similar income			1,153,763		668,417	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3		2,520,656		2,140,919	
Tax on profit on ordinary activities	6		921,608		775,450	
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			1,599,048		1,365,469	
Dividends	7		419,508		438,430	
RETAINED PROFIT FOR THE FINANCIAL PERIOD	15		1,179,540		927,039	

The notes on pages 7 to 13 form part of these financial statements.

TRAILFINDERS LIMITED

5.

BALANCE SHEET - 24TH FEBRUARY 1990

	<u>Note</u>	<u>1990</u>	<u>1989</u>
		£	£
FIXED ASSETS			
Tangible assets	8	1,926,572	1,046,047
Investments	9	1,523,932	409,607
		<u>3,450,504</u>	<u>1,455,654</u>
CURRENT ASSETS			
Stocks	10	23,569	15,100
Debtors	11	1,092,781	341,916
Cash at bank and in hand		7,249,558	7,186,104
		<u>8,365,908</u>	<u>7,543,120</u>
CREDITORS: amounts falling due within one year	12	8,056,064	6,524,299
NET CURRENT ASSETS		<u>309,844</u>	<u>1,018,821</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,760,348</u>	<u>2,474,475</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
	13	161,000	9,143
NET ASSETS		<u><u>3,599,348</u></u>	<u><u>2,465,332</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	97,560	103,160
Share premium account		32,020	32,020
Revaluation reserve		192,497	192,497
Other reserves	15	9,600	4,000
Profit and loss account	15	3,267,671	2,133,655
SHAREHOLDERS' FUNDS		<u><u>3,599,348</u></u>	<u><u>2,465,332</u></u>

The financial statements were approved by the Board of Directors on 3rd July 1990.

M.D.W. GOOLEY

K. NORMAN

Directors

The notes on pages 7 to 13 form part of these financial statements.

TRAILFINDERS LIMITED

6.

SOURCE AND APPLICATION OF FUNDS

FOR THE 52 WEEKS ENDED 24TH FEBRUARY 1990

SOURCE OF FUNDS	£	1990	£	1989	£
Profit on ordinary activities before taxation			2,520,656		2,140,919
Adjustment for items not involving the movement of funds:					
Profit on disposal of investments	(42,496)			-	
Depreciation	309,074			156,833	
Profit on sale of tangible fixed assets	(385)			(15,862)	
			266,193		140,971
TOTAL GENERATED FROM OPERATIONS			2,786,849		2,281,890
FUNDS FROM OTHER SOURCES					
Proceeds from disposal of investments			140,253		-
Proceeds from disposal of tangible fixed assets			12,825		45,597
			2,939,927		2,327,487
APPLICATION OF FUNDS					
Dividends paid	614,628			386,850	
Purchase of tangible fixed assets	1,202,039			256,488	
Corporation tax paid	799,220			357,545	
Purchase of investments	1,212,082			204,664	
Purchase of own shares	45,524			-	
			3,873,493		1,205,547
(DECREASE)/INCREASE IN WORKING CAPITAL			(933,566)		1,121,940
REPRESENTED BY:-					
Increase in stocks			8,469		615
Increase/(decrease) in debtors			796,781		(142,164)
Increase in creditors falling due within one year			(1,802,270)		(2,082,572)
			(997,020)		(2,224,121)
Movement in net liquid funds:					
Increase in cash and bank			63,454		3,346,061
			(933,566)		1,121,940

The notes on pages 7 to 13 form part of these financial statements.

NOTES ON FINANCIAL STATEMENTS - 24TH FEBRUARY 1990

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost accounting rules as modified by the revaluation of certain fixed assets.

(b) Depreciation

Depreciation is calculated to write off the cost or valuation of all tangible fixed assets, in equal annual instalments over their estimated useful lives at the following rates:-

	%
Freehold property	2
Short leaseholds	period of lease
Furniture and equipment	10
Computer equipment	20
Motor vehicles	20

(c) Stocks

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

(d) Leasing transactions

All leases are operating leases and rentals payable are charged to the profit and loss account in the period in which they are paid.

(e) Deferred taxation

Deferred taxation is provided at the rates at which timing differences between the profit computed for taxation purposes and the profit stated in the financial statements are expected to crystallise. Where it is considered with reasonable probability that no such liability will become payable in the foreseeable future, no provision is made.

2. TURNOVER

Turnover represents the sales value of air tickets and travel insurance, and commissions on hotel bookings and sundry related services.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1990 £	1989 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	309,074	156,833
Auditors' remuneration	11,000	10,500
Directors' emoluments (including pension contributions) (see note 4)	386,490	328,755
Leasing of equipment	12,389	8,393
and after crediting:		
Income from listed investments	22,060	6,772
Profit on disposal of investments	42,496	-
Bank interest received	1,131,703	661,645
Rents received	32,370	38,276
Profit on disposal of tangible fixed assets	385	15,862

TRAILFINDERS LIMITED

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NOTES ON FINANCIAL STATEMENTS - 24TH FEBRUARY 1990

(CONTINUED)

4. DIRECTORS' EMOLUMENTS	<u>1990</u> £	<u>1989</u> £
(a) For management	385,390	303,755
Ex-gratia payment made to former director	1,100	25,000
	<u>386,490</u>	<u>328,755</u>
(b) Emoluments, excluding pension contributions, are analysed as follows:-		
Chairman and highest paid director	<u>88,897</u>	<u>74,538</u>
Number of other directors whose emoluments were within the ranges:-		
£ 0 - £ 5,000	2	3
£ 5,001 - £10,000	1	-
£15,001 - £20,000	-	1
£20,001 - £25,000	1	-
£25,001 - £30,000	2	-
£30,001 - £35,000	-	-
£35,001 - £40,000	-	3
£40,001 - £45,000	2	-
5. STAFF COSTS	<u>1990</u>	<u>1989</u>
(a) The average number of persons including directors employed by the company during the year was:		
Travel consultants	131	95
Management and administration	62	51
	<u>193</u>	<u>146</u>
(b) Staff costs:	£	£
Wages and salaries	2,737,569	1,960,434
Social security costs	278,248	200,282
Other pension costs	128,144	129,024
	<u>3,143,961</u>	<u>2,289,740</u>

NOTES ON FINANCIAL STATEMENTS - 24TH FEBRUARY 1990

(CONTINUED)

5. STAFF COSTS - continued

(c) Pension costs

The company operates defined contribution schemes for certain directors and senior executives. The assets of these schemes are held separately from those of the company in independently administered funds. The pension cost charge includes contributions payable by the company to the funds which amounted to £34,950 (1989: £31,250).

In addition the company operates an Executive Pension Scheme for one director and a senior executive that provides benefits on a money purchase basis but with a view to providing a "target" level of pension. The contributions needed to achieve the targeted level of benefits are determined by a qualified actuary on the basis of triennial valuations. The most recent valuation was at 28th February 1988 and it showed that the market value of the scheme's assets was £869,024. The actuarial valuation at this date assumed that investment returns would be 9% per annum. The pension cost charge includes a contribution of £93,194 (1988: £97,774) paid by the company to the scheme. The actuary has recommended that future contributions are set at level annual payments of £93,665 which amount will be included in pension costs in future years.

6. TAX ON PROFITS ON ORDINARY ACTIVITIES

	1990 £	1989 £
United Kingdom corporation tax at 35% (1989: 35%)	800,185	779,450
Overprovision in respect of prior periods	(9,545)	-
Transfer to/(from) deferred taxation	129,000	(4,000)
Tax credit on United Kingdom dividends received	1,968	-
	<u>921,608</u>	<u>775,450</u>

7. DIVIDENDS

	1990 £	1989 £
Interim paid during the year	419,508	232,110
Further interim	-	206,320
	<u>419,508</u>	<u>438,430</u>

TRAILFINDERS LIMITED

NOTES ON FINANCIAL STATEMENTS - 24TH FEBRUARY 1990

(CONTINUED)

8. TANGIBLE ASSETS

<u>COST OR VALUATION</u>	<u>Freehold Property £</u>	<u>Short Leaseholds £</u>	<u>Computer Equipment £</u>	<u>Furniture and Equipment £</u>	<u>Motor Vehicles £</u>	<u>Plant £</u>	<u>Total £</u>
25th February 1989	375,000	374,911	280,367	276,286	210,655	-	1,517,219
Additions	7,850	433,225	165,064	322,066	74,297	199,537	1,202,039
Disposals	-	-	-	-	(36,287)	-	(36,287)
24th February 1990	382,850	808,136	445,431	598,352	248,665	199,537	2,682,971
<u>DEPRECIATION</u>							
25th February 1989	15,000	33,827	200,889	114,828	106,628	-	471,172
Charge for year	7,657	89,410	89,086	59,551	43,719	19,651	309,074
Disposals	-	-	-	-	(23,847)	-	(23,847)
24th February 1990	22,657	123,237	289,975	174,379	126,500	19,651	756,399
<u>NET BOOK AMOUNT</u>							
24th February 1990	360,193	684,899	155,456	423,973	122,165	179,886	1,926,572
25th February 1989	360,000	341,084	79,478	161,458	104,027	-	1,046,047

(1) Valuations of the freehold and short leasehold properties were made on the basis of open market value for continuing use and were carried out by a firm of Chartered Surveyors as at 28th February 1987.

The amounts of freehold properties and short leases (included above at valuation) determined according to the historical cost convention are as follows:-

	<u>Freehold Property £</u>	<u>Short Leaseholds £</u>
Cost	281,910	692,844
Depreciation	32,386	126,638
Net book value at 24th February 1990	249,524	566,206
Net book value at 25th February 1989	252,793	128,241

TRAILFINDERS LIMITED

11.

NOTES ON FINANCIAL STATEMENTS - 24TH FEBRUARY 1990

(CONTINUED)

9. FIXED ASSET INVESTMENTS	<u>Unlisted</u> £	<u>Listed</u> £	<u>Total</u> £
<u>Cost</u>			
At 25th February 1989	170,000	239,607	409,607
Additions	20	1,212,062	1,212,082
Disposals	(25,000)	(72,757)	(97,757)
At 24th February 1990	<u>145,020</u>	<u>1,378,912</u>	<u>1,523,932</u>

(i) The market value of listed investments which are all listed on a recognised stock exchange was £1,403,495 at 24th February 1990.

(ii) Included in Unlisted Investments are shares in Britannic Group (Holdings) Limited at a cost of £145,000 representing 36.25% of the ordinary share capital of that company. In view of the fact that the company does not exert direct management over the operating policy of Britannic Group (Holdings) Limited the results of the latter have not been incorporated in these financial statements.

10. STOCKS	<u>1990</u> £	<u>1989</u> £
Goods for resale	<u>23,569</u>	<u>15,100</u>

11. DEBTORS	<u>1990</u> £	<u>1989</u> £
Trade debtors	48,628	11,537
Other debtors	252,336	197,939
Prepayments and accrued income	735,546	197,939
	<u>1,036,510</u>	<u>296,000</u>
Amounts recoverable after more than one year:		
Other debtors	56,271	-
Advance corporation tax	-	45,916
	<u>1,092,781</u>	<u>341,916</u>

12. CREDITORS	<u>Amounts falling due within one year</u>	
	<u>1990</u> £	<u>1989</u> £
Trade creditors	6,850,108	5,119,262
Corporation tax	712,888	788,273
Other creditors	40,896	124,120
Accruals and deferred income	440,972	286,324
Proposed dividend	11,200	206,320
	<u>8,056,064</u>	<u>6,524,299</u>

TRAILFINDERS LIMITED

12.

NOTES ON FINANCIAL STATEMENTS - 24TH FEBRUARY 1990

(CONTINUED)

13. PROVISIONS FOR LIABILITIES AND CHARGES

The provision included in the balance sheet relating to deferred taxation consists of the following:-

	<u>1990</u> £	<u>1989</u> £
Accelerated capital allowances	28,000	15,000
Other short term timing differences	133,000	17,000
Advance corporation tax recoverable	-	(22,857)
	<u>161,000</u>	<u>9,143</u>

The additional potential liability to deferred taxation is as follows:-

Surplus on revaluation of property	<u>53,500</u>	<u>57,750</u>
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14. CALLED UP SHARE CAPITAL

Ordinary Shares of 10 pence each

	<u>1990</u> £	<u>1989</u> £
Authorised	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid	<u>97,560</u>	<u>103,160</u>
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15. RESERVES

	<u>Profit and Loss Account</u> £	<u>Capital Reserves</u> £	<u>Capital Redemption Reserve</u> £
Balance brought forward	2,133,655	4,000	-
Transfer to capital redemption reserve on purchase of own shares	-	-	5,600
Purchase of own shares	(45,524)	-	-
Retained profit for the period	<u>1,179,540</u>	<u>-</u>	<u>-</u>
Balance carried forward	<u>3,267,671</u>	<u>4,000</u>	<u>5,600</u>

16. LEASE COMMITMENTS

	<u>1990</u>	<u>1989</u>
	<u>Land and buildings</u> £	<u>Land and buildings</u> £
	<u>Other</u> £	<u>Other</u> £
The company has annual rental commitments in respect of operating leases as follows:		
Leases expiring:		
Within one year	-	2,215
Between one and five years	3,270	6,883
Over five years	<u>115,850</u>	<u>33,350</u>
	<u>115,850</u>	<u>9,098</u>

NOTES ON FINANCIAL STATEMENTS - 24TH FEBRUARY 1990

(CONTINUED)

17. TRANSACTIONS INVOLVING DIRECTORS

- (a) Included in other creditors is an amount of £14,338 due to Trailfinders (Services) Limited, a company controlled by M.D.W. Gooley.
- (b) Included in other creditors is an amount of £6,648 due to Trailrovers Limited, a company controlled by M.D.W. Gooley.
- (c) Mr. W. Heath, a director of the company, is a partner in William Heath & Co., solicitors, whose firm is one of those instructed by the company in the ordinary course of business on legal matters. The firm also received fees for Mr. Heath's services to the company, which in this period amounted to £1,200.