

TRAILFINDERS LIMITED

DIRECTORS' REPORT

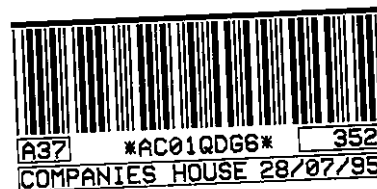
AND

ACCOUNTS

25TH FEBRUARY 1995

REGISTERED NUMBER: 1004502

Kidsons Impey
Chartered Accountants
Spectrum House
20-26 Cursitor Street
London EC4A 1HY



TRAILFINDERS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited accounts of the company and its subsidiaries for the 52 weeks ended 25th February 1995 ("the year").

Principal activities and business review

The principal activities of the company continue 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.

The company now operates through six branches in the UK. These are located in London, Bristol, Glasgow, Manchester and Birmingham. The Birmingham branch opened in March 1995, the other branches were in operation during the period under review.

The company has five Australian subsidiaries, Trailfinders Pty Limited, Bloomfield Wilderness Lodge Pty Limited, Hinterland Aviation Pty Limited, Hinterland Aero Engineering Pty Limited (formerly Talie Pty Limited) and Trailfinders (Australia) Pty Limited. With the exception of Trailfinders (Australia) Pty Limited which was formed on 24th March 1994, these were all subsidiaries for the whole of the period under review.

The nature of the activities carried out by these subsidiaries are set out in note 10 (iii). The results of these subsidiaries have been consolidated with those of the company.

The company created a Trust Account in June 1993. This separate legal entity exists to hold all clients' money received for travel arrangements until such time as payment is due to the suppliers. The company will only receive any commission due after the settlement of supplier accounts.

This method of safeguarding clients' funds is all too rare in the travel industry but in the opinion of the directors is by far the soundest and our action puts down a benchmark for others to follow.

Profits and dividends

The group profit for the year after tax amounts to £3,685,607. It is recommended that no dividend be paid.

Significant events

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

Directors

The following were directors of the company at 25th February 1995 and served throughout the period except where stated :-

M.D.W. Gooley

(Chairman)

A.M. Russell

M. Bannister

C.A. Rawson

G. Dyer

Lt. Col. T.P. Hardy, T.D.

W. Heath, LL.B.

The Rt. Hon. Viscount Slim, O.B.E., D.L.

P. Fenwick

(Appointed 19th May 1994)

L. Wood

(Appointed 28th September 1994)

TRAILFINDERS LIMITED

DIRECTORS' REPORT (continued)

Directors' shareholdings

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

Director	Ordinary Shares of 10 pence each	
	At 25th February 1995	At 26th February 1994
M.D.W. Gooley	949,005	949,005
W. Heath, LL.B	-	10,585
Lt. Col. T.P. Hardy, T.D.	-	41,026

Share capital

During the year the company purchased for cash 51,611 of its own 10 pence shares for £537,735. The shares concerned were immediately cancelled. The issued fully paid share capital is now £94,901.

Statement of directors' responsibilities

We are required under company law 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 or loss of the company for that period.

In preparing these accounts we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, and give details of any departures;
- prepare the accounts on a going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

Fixed assets

The movements in fixed assets during the period are set out in notes 8, 9 and 10 to the accounts.

Employees

The directors give special attention to the health and safety of their employees and endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received. Regular meetings with employees' representatives are held to inform them of the development of the business.

TRAILFINDERS LIMITED

DIRECTORS' REPORT (continued)

Contributions for political and charitable purposes

During the period, the company made contributions for charitable purposes amounting to £8,215 (1994: £2,670). Included within this is £1,000 paid to the Conservative Party.

Auditors

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

By Order of the Board



M. Bannister

Secretary

Registered Office:

48 Earls Court Road
London W8 6EJ

8th June 1995

TRAILFINDERS LIMITED

AUDITORS' REPORT

Auditors' report to the shareholders of Trailfinders Limited

We have audited the accounts on pages 5 to 19 which have been prepared under the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

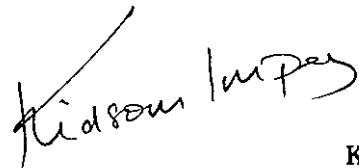
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group as at 25th February 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey

Registered Auditors

Chartered Accountants

London

8th June 1995

TRAILFINDERS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 25th February 1995

	Note	1995	1994
		£	£
Turnover	2	162,882,323	133,313,840
Cost of sales		<u>(142,450,866)</u>	<u>(117,047,011)</u>
Gross profit		20,431,457	16,266,829
Administrative expenses		(16,851,981)	(13,546,913)
Other operating income		<u>275,056</u>	<u>266,299</u>
Operating profit		3,854,532	2,986,215
Income from investments		71,925	57,362
Interest receivable		<u>1,830,876</u>	<u>1,587,813</u>
Profit on ordinary activities before taxation	3	5,757,333	4,631,390
Tax on profit on ordinary activities	6	<u>(2,071,726)</u>	<u>(1,675,906)</u>
Profit on ordinary activities after taxation		3,685,607	2,955,484
Dividends	7	<u>-</u>	<u>(274,365)</u>
Retained profit for the year	17	<u>3,685,607</u>	<u>2,681,119</u>

The notes on pages 10 to 19 form part of these accounts.

TRAILFINDERS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 25th February 1995

	1995 £	1994 £
Retained profit for the financial year	3,685,607	2,681,119
Exchange differences on consolidation	<u>18,204</u>	<u>8,089</u>
Total recognised gains and losses relating to the year	<u>3,703,811</u>	<u>2,689,208</u>

NOTE ON HISTORICAL COST PROFITS AND LOSSES

	1995 £	1994 £
Reported profit on ordinary activities before taxation	5,757,333	4,631,390
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued assets	<u>15,474</u>	<u>8,152</u>
Historical cost profit on ordinary activities before taxation	<u>5,772,807</u>	<u>4,639,542</u>
Historical cost profit for the year retained after taxation and dividends	<u>3,701,081</u>	<u>2,689,271</u>

TRAILFINDERS LIMITED
CONSOLIDATED BALANCE SHEET
at 25th February 1995

	Note	1995	1994
		£	£
Fixed assets			
Intangible assets	8	-	-
Tangible assets	9	5,201,297	4,550,509
Investments	10	<u>2,980,058</u>	<u>2,569,650</u>
		8,181,355	7,120,159
Current assets			
Stocks	11	77,133	61,761
Debtors	12	1,681,094	1,625,554
Moneys held on trust	13	26,325,049	21,070,138
Cash at bank and in hand		<u>8,482,852</u>	<u>7,082,017</u>
		36,566,128	29,839,470
Creditors: amounts falling due within one year	14	<u>(28,093,948)</u>	<u>(23,456,170)</u>
Net current assets		<u>8,472,180</u>	<u>6,383,300</u>
Total assets less current liabilities		16,653,535	13,503,459
Provisions for liabilities and charges	15	<u>(150,000)</u>	<u>(166,000)</u>
Net assets		<u>16,503,535</u>	<u>13,337,459</u>
Capital and reserves			
Called up share capital	16	94,901	100,062
Share premium account	17	27,146	32,020
Revaluation reserve		192,497	192,497
Profit and loss account	17	16,174,230	13,003,280
Other reserves	17	<u>14,761</u>	<u>9,600</u>
Equity shareholders' funds	18	<u>16,503,535</u>	<u>13,337,459</u>

The accounts were approved by the Board of Directors on 8th June 1995.

A.M. Russell

Director



M. Bannister

Director



The notes on pages 10 to 19 form part of these accounts.

TRAILFINDERS LIMITED

BALANCE SHEET

at 25th February 1995

	Note	1995	1994
		£	£
Fixed assets			
Tangible assets	9	3,214,591	3,047,229
Investments	10	<u>2,980,059</u>	<u>2,569,651</u>
		6,194,650	5,616,880
Current assets			
Stocks	11	60,873	57,690
Debtors	12	4,798,701	3,728,179
Moneys held on trust	13	26,325,049	21,070,138
Cash at bank and in hand		<u>8,411,243</u>	<u>7,078,846</u>
		39,595,866	31,934,853
Creditors: amounts falling due within one year	14	<u>(28,234,741)</u>	<u>(23,524,000)</u>
Net current assets		<u>11,361,125</u>	<u>8,410,853</u>
Total assets less current liabilities		17,555,775	14,027,733
Provisions for liabilities and charges	15	<u>(150,000)</u>	<u>(166,000)</u>
Net assets		<u>17,405,775</u>	<u>13,861,733</u>
Capital and reserves			
Called up share capital	16	94,901	100,062
Share premium account	17	27,146	32,020
Revaluation reserve		192,497	192,497
Profit and loss account	17	17,076,470	13,527,554
Other reserves	17	<u>14,761</u>	<u>9,600</u>
Equity shareholders' funds	18	<u>17,405,775</u>	<u>13,861,733</u>

The accounts were approved by the Board of Directors on 8th June 1995.

A.M. Russell - Director



M. Bannister - Director



The notes on pages 10 to 19 form part of these accounts.

TRAILFINDERS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 25th February 1995

	Note	1995	1994
		£	£
Net cash inflow from operating activities	23	9,033,570	8,035,329
Returns on investments and servicing of finance			
Interest received		1,753,452	1,509,835
Dividends received		71,925	57,362
Dividends paid		-	(274,365)
Net cash inflow from returns on investments and servicing of finance		1,825,377	1,292,832
Taxation			
U.K. corporation tax paid (including advance corporation tax)		(1,779,497)	(1,727,819)
Investing activities			
Payments to acquire:			
Tangible fixed assets		(1,525,849)	(1,143,274)
Intangible fixed assets		(5,618)	-
Fixed asset investments		<u>(1,035,762)</u>	<u>(2,007,502)</u>
		(2,567,229)	(3,150,776)
Receipts from sale of:			
Fixed asset investments		660,510	570,671
Plant, machinery, fixtures, motor vehicles and equipment		<u>20,859</u>	<u>40,639</u>
		681,369	611,310
Net cash outflow from investing activities		<u>(1,885,860)</u>	<u>(2,539,466)</u>
Net cash inflow before financing		7,193,590	5,060,876
Financing			
Payments to purchase the company's own shares	26	<u>(537,735)</u>	-
Increase in cash and cash equivalents	24	<u>6,655,855</u>	<u>5,060,876</u>

The notes on pages 10 to 19 form part of these accounts.

TRAILFINDERS LIMITED

NOTES ON ACCOUNTS

25th February 1995

1 Accounting policies

(a) Basis of accounting

The accounts have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules as modified by the revaluation of certain fixed assets

(b) Basis of consolidation

The consolidated accounts comprise the audited accounts of the company and of the company's Australian subsidiaries.

As permitted by Section 228 of the Companies Act 1985, the profit and loss account of the company is not presented as part of the accounts.

(c) Depreciation and amortisation

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%
Leasehold property	period of lease
Furniture and equipment	10%
Computer equipment	20%
Motor vehicles	20%
Plant	1.8% - 40%
Trademarks and patents	100%

(d) Stocks

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

(e) Leasing

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

(f) Deferred taxation

Deferred taxation is provided on the liability method on those timing differences between the profit computed for taxation purposes and the profit stated in the accounts which are expected to crystallise with reasonable probability in the foreseeable future.

(g) Foreign currencies

The profits and losses of the overseas subsidiary undertakings and the group's net investments are translated at closing rates of exchange. Differences arising on translation are added to or deducted from reserves.

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date.

2 Turnover

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

TRAILFINDERS LIMITED

NOTES ON ACCOUNTS

25th February 1995
(continued)

3 Profit on ordinary activities before taxation	1995 £	1994 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	696,407	583,511
Auditors' remuneration - audit	22,500	29,650
- other	9,675	12,700
Directors' emoluments (including pension contributions) (see note 4)	2,008,862	1,126,647
Operating lease rentals - plant, machinery and vehicles	6,050	9,141
- other	385,575	338,783
Loss on disposal of tangible fixed assets	111,212	-
Amount written off investment	<u>-</u>	<u>51,510</u>
and after crediting:		
Profit on disposal of tangible fixed assets	-	24,366
Income from listed investments	71,925	57,362
Profit on disposal of investments	35,156	92,012
Interest receivable	1,830,876	1,587,813
Rents receivable	<u>44,652</u>	<u>53,213</u>
4 Directors' emoluments	1995 £	1994 £
(a) For management	<u>2,008,862</u>	<u>1,126,647</u>
(b) Emoluments, excluding pension contributions, are analysed as follows:		
Chairman and highest paid director	<u>847,331</u>	<u>467,662</u>
Number of other directors whose emoluments were within the ranges:	Number	Number
£ 0 - £ 5,000	2	3
£ 5,001 - £10,000	-	1
£10,001 - £15,000	1	-
£15,001 - £20,000	-	1
£20,001 - £25,000	1	-
£25,001 - £30,000	1	1
£30,001 - £35,000	1	1
£35,001 - £40,000	1	1
£40,001 - £45,000	1	-
£45,001 - £50,000	-	1
£50,001 - £55,000	1	-
£55,001 - £60,000	1	-
£60,001 - £65,000	-	1
£65,001 - £70,000	-	-
£70,001 - £75,000	1	-
£75,001 - £80,000	-	1
£80,001 - £85,000	1	-
£85,001 - £90,000	-	-
£90,001 - £95,000	-	-
£95,001 - £100,000	-	-
5 Staff costs	1995 Number	1994 Number
(a) The average number of persons including directors employed by the group during the year was:		
Travel consultants	238	206
Management and administration	<u>154</u>	<u>163</u>
	<u>392</u>	<u>369</u>
(b) Staff costs:	£	£
Wages and salaries	9,115,422	7,509,769
Social security costs	852,415	745,907
Other pension costs	<u>839,521</u>	<u>427,428</u>
	<u>10,807,358</u>	<u>8,683,104</u>

TRAILFINDERS LIMITED

NOTES ON ACCOUNTS

25th February 1995

(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 £28,303 (1994: £19,750).

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 27th February 1994 and it showed that the market value of the scheme's assets was £2,056,760. The actuarial valuation at this date assumed that investment returns would be 9% per annum. The pension cost charge includes a contribution of £311,218 (1994: £298,955) paid by the company to the scheme.

During 1994 a pension fund was set up as the Trailfinders Private Retirement Trust to provide benefits for one director. The pension cost charge includes a contribution of £500,000 (1994 £100,000) paid by the company.

6 Tax on profit on ordinary activities

	1995 £	1994 £
United Kingdom corporation tax at 33% (1994: 33%)	2,100,000	1,640,000
(Over)/under provision in respect of prior periods	(26,659)	1,944
Transfer (from)/to deferred taxation	(16,000)	22,800
Tax on United Kingdom dividends received	14,385	11,162
	<u>2,071,726</u>	<u>1,675,906</u>

7 Dividends

	1995 £	1994 £
Interim dividends paid during the year	-	<u>274,365</u>

8 Intangible fixed assets

	Group Patents and trade marks £
Cost	
26th February 1994	-
Additions	<u>5,618</u>
25th February 1995	<u>5,618</u>
Amortisation	
26th February 1994	-
Write off	<u>5,618</u>
25th February 1995	<u>5,618</u>
Net book amount	
25th February 1995	<u>-</u>
26th February 1994	<u>-</u>

The company has no intangible fixed assets.

TRAILFINDERS LIMITED

NOTES ON ACCOUNTS

25th February 1995

(continued)

9 Tangible assets

Group	Freehold Property £	Long Leasehold £	Short Leasehold £	Computer Equipment £	Furniture and Equipment £	Motor Vehicles £	Plant £	Total £
Cost or valuation								
26th February 1994	1,557,351	238,359	963,752	1,373,667	1,159,571	305,323	1,392,846	6,990,869
Exchange adjustments	(17,889)	-	-	-	(2,560)	(2,833)	(36,679)	(59,961)
Additions	283,724	250	36,866	670,981	72,716	31,176	430,136	1,525,849
Disposals	-	-	-	-	(3,700)	(47,866)	(12,918)	(64,484)
Write off	-	-	-	(305,555)	-	-	-	(305,555)
25th February 1995	<u>1,823,186</u>	<u>238,609</u>	<u>1,000,618</u>	<u>1,739,093</u>	<u>1,226,027</u>	<u>285,800</u>	<u>1,773,385</u>	<u>8,086,718</u>
Depreciation								
26th February 1994	92,843	7,087	399,302	903,251	544,445	201,993	291,439	2,440,360
Exchange adjustments	-	-	-	-	(747)	(891)	(6,125)	(7,763)
Charge for the year	24,004	2,810	54,438	319,846	125,010	39,885	124,796	690,789
Disposals	-	-	-	-	(1,383)	(34,410)	(4,528)	(40,321)
Write off	-	-	-	(197,644)	-	-	-	(197,644)
25th February 1995	<u>116,847</u>	<u>9,897</u>	<u>453,740</u>	<u>1,025,453</u>	<u>667,325</u>	<u>206,577</u>	<u>405,582</u>	<u>2,885,421</u>
Net book amount								
25th February 1995	<u>1,706,339</u>	<u>228,712</u>	<u>546,878</u>	<u>713,640</u>	<u>558,702</u>	<u>79,223</u>	<u>1,367,803</u>	<u>5,201,297</u>
26th February 1994	<u>1,464,508</u>	<u>231,272</u>	<u>564,450</u>	<u>470,416</u>	<u>615,126</u>	<u>103,330</u>	<u>1,101,407</u>	<u>4,550,509</u>

(i) Valuations of the freehold and leasehold properties then held 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. Cost or valuation at 25th February 1995 includes £628,200 derived from the valuations made in 1987.

The amounts of freehold and leasehold properties determined according to the historical cost convention are as follows:-

	Freehold Property £	Long Leasehold £	Short Leasehold £
Cost			
26th February 1995	1,722,245	238,609	909,061
26th February 1994	1,116,480	9,897	420,444
Depreciation			
26th February 1995	1,605,765	228,712	488,617
26th February 1994	1,361,905	231,272	492,734
Depreciation for the year based on cost	21,985	2,810	40,983

TRAILFINDERS LIMITED

NOTES ON ACCOUNTS

25th February 1995

(continued)

9 Tangible assets (continued)

Company	Freehold Property £	Long Leasehold £	Short Leasehold £	Computer Equipment £	Furniture and Equipment £	Motor Vehicles £	Plant £	Total £
Cost or valuation								
26th February 1994	1,042,139	238,359	963,752	1,373,667	1,085,846	223,732	336,383	5,263,878
Additions	-	250	36,866	670,981	65,658	16,172	70,673	860,600
Disposals	-	-	-	-	-	(41,035)	-	(41,035)
Write off	-	-	-	(305,555)	-	-	-	(305,555)
25th February 1995	<u>1,042,139</u>	<u>238,609</u>	<u>1,000,618</u>	<u>1,739,093</u>	<u>1,151,504</u>	<u>198,869</u>	<u>407,056</u>	<u>5,777,888</u>
Depreciation								
26th February 1994	92,843	7,087	399,302	903,251	522,931	176,282	114,953	2,216,649
Charge for the year	20,843	2,810	54,438	319,846	112,577	25,074	40,704	576,292
Disposals	-	-	-	-	-	(32,000)	-	(32,000)
Write off	-	-	-	(197,644)	-	-	-	(197,644)
25th February 1995	<u>113,686</u>	<u>9,897</u>	<u>453,740</u>	<u>1,025,453</u>	<u>635,508</u>	<u>169,356</u>	<u>155,657</u>	<u>2,563,297</u>
Net book amount								
25th February 1995	<u>928,453</u>	<u>228,712</u>	<u>546,878</u>	<u>713,640</u>	<u>515,996</u>	<u>29,513</u>	<u>251,399</u>	<u>3,214,591</u>
26th February 1994	<u>949,296</u>	<u>231,272</u>	<u>564,450</u>	<u>470,416</u>	<u>562,915</u>	<u>47,450</u>	<u>221,430</u>	<u>3,047,229</u>

(i) Valuations of the freehold and leasehold properties then held 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. Cost or valuation at 25th February 1995 includes £628,200 derived from the valuations made in 1987.

The amounts of freehold and leasehold properties determined according to the historical cost convention are as follows:-

	Freehold Property £	Long Leasehold £	Short Leasehold £
Cost			
Depreciation			
Net book value at 25th February 1995	941,198	238,609	909,061
	<u>113,319</u>	<u>9,897</u>	<u>420,444</u>
Net book value at 26th February 1994	827,879	228,712	488,617
	<u>846,703</u>	<u>231,272</u>	<u>492,734</u>
Depreciation for the year based on cost	<u>18,824</u>	<u>2,810</u>	<u>40,983</u>

TRAILFINDERS LIMITED

NOTES ON ACCOUNTS

25th February 1995
(continued)

10 Fixed asset investments	Group £	Company £
Shares in group companies at cost		
At 26th February 1994 and 25th February 1995	-	1
Other investments at cost		
Listed:		
At 26th February 1994	2,419,630	2,419,630
Additions	1,035,762	1,035,762
Disposals	(625,354)	(625,354)
At 25th February 1995	2,830,038	2,830,038
Unlisted:		
At 26th February 1994 and at 25th February 1995	150,020	150,020
Total investments at 25th February 1995	2,980,058	2,980,059

(i) The market value of listed investments at 25th February 1995 which are all listed on a recognised stock exchange was £2,910,459.

(ii) Included in unlisted investments are ordinary £1 shares in Britannic Group (Holdings) Limited at a cost of £145,000 representing 36.25% of the share capital of that company. In view of the fact that the company does not exercise significant influence over the financial and operating policy of Britannic Group (Holdings) Limited the results of the latter have not been incorporated in these accounts.

During May 1995, the shareholding in Britannic Group (Holdings) Limited increased to 49%.

Britannic Group (Holdings) Limited is incorporated in Great Britain and registered in England and Wales. The consolidated capital and reserves of Britannic Group (Holdings) Limited at 31st March 1994 amounted to £201,622 and its profit for the year ended 31st March 1994 amounted to £1,695.

(iii) The company's subsidiary undertakings are:

Trailfinders Pty. Limited (formerly Malgay Pty. Limited)
- wholly owned

Nature of activities

Investment holding

Bloomfield Wilderness Lodge Pty. Limited
- a wholly owned subsidiary of Trailfinders Pty. Limited

Management of a travel lodge

Hinterland Aero Engineering Pty Limited
(formerly Talie Pty Limited)
- a wholly owned subsidiary of Trailfinders Pty. Limited

Operation of an aircraft
maintenance facility

Hinterland Aviation Pty. Limited
- a wholly owned subsidiary of Trailfinders Pty. Limited

Operation of a private airline

Trailfinders (Australia) Pty. Limited
- a wholly owned subsidiary of Trailfinders Pty. Limited

Travel agent

The company's subsidiaries are incorporated and registered in Australia.

TRAILFINDERS LIMITED

NOTES ON ACCOUNTS

25th February 1995

(continued)

11 Stocks	1995		1994	
	Group £	Company £	Group £	Company £
Goods for resale	<u>77,133</u>	<u>60,873</u>	<u>61,761</u>	<u>57,690</u>
12 Debtors	1995		1994	
	Group £	Company £	Group £	Company £
Trade debtors	195,699	165,732	76,070	76,070
Amounts due from subsidiary undertakings	-	3,336,633	-	2,275,355
Other debtors	444,060	277,280	577,508	415,792
Prepayments and accrued income	<u>1,041,335</u>	<u>1,019,056</u>	<u>971,976</u>	<u>960,962</u>
	<u>1,681,094</u>	<u>4,798,701</u>	<u>1,625,554</u>	<u>3,728,179</u>

(i) Other debtors includes an amount of £112,833 (1994 - £101,778) due after more than one year.

This amount represents a loan made to two directors of Trailfinders (Australia) Pty Limited. The loan is an interest only loan repayable by 30th June 2005 and is secured on the directors' property.

The 1994 balance represented a loan made to an Australian company by Trailfinders Pty Limited. The loan was repaid during the year.

(ii) Amounts due from subsidiary undertakings represent loans made to the company's subsidiaries in Australia to fund the establishment of the Australian operations. The company has indicated its continued support of the operations. No provision is required to be made against these loans as it is anticipated that in the longer term, these amounts will be recoverable.

13 Moneys held on trust

The company established a trust on 15th June 1993 to hold and safeguard amounts received from customers. The amounts held on trust are represented by bank balances. Amounts held on trust are only available to settle liabilities arising from the customers' travel arrangements and related services and the company's profit margin thereon. Interest arising from the funds held on trust belongs to the company.

14 Creditors: amounts falling due within one year	1995		1994	
	Group £	Company £	Group £	Company £
Trade creditors	23,660,698	23,623,389	19,559,403	19,559,403
Amounts due to subsidiary undertakings	-	261,350	-	112,485
Corporation tax	1,942,081	1,942,081	1,633,852	1,633,852
Other taxes and social security	651,988	651,988	259,533	259,533
Other creditors*	229,527	168,561	715,732	702,609
Accruals and deferred income	<u>1,609,654</u>	<u>1,587,372</u>	<u>1,287,650</u>	<u>1,256,118</u>
	<u>28,093,948</u>	<u>28,234,741</u>	<u>23,456,170</u>	<u>23,524,000</u>

*Note 22 gives details of amounts due to companies in which a director has interests.

TRAILFINDERS LIMITED

NOTES ON ACCOUNTS

25th February 1995
(continued)

15 Provisions for liabilities and charges

£

Deferred taxation

At 26th February 1994
Profit and Loss account

166,000
(16,000)

At 25th February 1995

150,000

Group and company

1995
£

1994
£

The provision relating to deferred taxation is calculated at a corporation tax rate of 33% and consists of the following:

Accelerated capital allowances
Other short term timing differences

16,000	58,000
<u>134,000</u>	<u>108,000</u>
<u>150,000</u>	<u>166,000</u>

16 Called up share capital

1995
£

1994
£

Ordinary shares of 10 pence each

Authorised

1,000,000 1,000,000

Allotted, called up and fully paid

94,901 100,062

During the year the company purchased 51611 of its own ordinary shares and immediately cancelled them.

17 Reserves

	Profit and Loss Account £	Share Premium £	Capital Reserve £	Capital Redemption Reserve £
Company				
At 26th February 1994	13,527,554	32,020	4,000	5,600
Retained profit for the year	4,081,777	-	-	-
Purchase of own shares	<u>(532,861)</u>	<u>(4,874)</u>	-	<u>5,161</u>
At 25th February 1995	<u>17,076,470</u>	<u>27,146</u>	<u>4,000</u>	<u>10,761</u>
Group				
At 26th February 1994	13,003,280	32,020	4,000	5,600
Retained profit for the year	3,685,607	-	-	-
Exchange difference on consolidation	18,204	-	-	-
Purchase of own shares	<u>(532,861)</u>	<u>(4,874)</u>	-	<u>5,161</u>
At 25th February 1995	<u>16,174,230</u>	<u>27,146</u>	<u>4,000</u>	<u>10,761</u>

The cumulative amount of goodwill written off to reserves amounts to £17,174 (1994: £17,174).

TRAILFINDERS LIMITED

NOTES ON ACCOUNTS

25th February 1995
(continued)

18 Reconciliation of movements in shareholders' funds	1995		1994	
	Group £	Company £	Group £	Company £
Profit for the financial year	3,685,607	4,081,777	2,955,484	3,274,451
Dividends	-	-	(274,365)	(274,365)
Exchange difference on consolidation	18,204	-	8,089	-
Purchase of own shares	<u>(537,735)</u>	<u>(537,735)</u>	<u>-</u>	<u>-</u>
Net addition to shareholders' funds	3,166,076	3,544,042	2,689,208	3,000,086
Opening shareholders' funds	<u>13,337,459</u>	<u>13,861,733</u>	<u>10,648,251</u>	<u>10,861,647</u>
Closing shareholders' funds	<u>16,503,535</u>	<u>17,405,775</u>	<u>13,337,459</u>	<u>13,861,733</u>

19 Leasing commitments	1995		1994	
	Land and Buildings £	Other £	Land and Buildings £	Other £
The company has annual rental commitments in respect of operating leases as follows:				
Leases expiring:				
Within one year	11,000	-	-	-
Between one and five years	20,450	-	31,450	-
Over five years	<u>337,000</u>	<u>-</u>	<u>337,000</u>	<u>-</u>
	<u>368,450</u>	<u>-</u>	<u>368,450</u>	<u>-</u>

20 Capital commitments

Contracted, but not provided for
Authorised, but not contracted for

£

21 Contingent liabilities

Under guarantees and bonds

The company has given guarantees and indemnities at 25th February 1995 amounting to £602,732 (1994: £1,390,000).

22 Transactions involving directors

- (a) Included in other creditors is an amount of £180,111 (1994: £149,496) due to Trailfinders (Services) Limited, and an amount of £23,793 (1994: £172,826) due to Trailrovers Limited. Both companies are controlled by M.D.W. Gooley.
- (b) 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 £3,635.

TRAILFINDERS LIMITED

NOTES ON ACCOUNTS

25th February 1995
(continued)

23	Reconciliation of operating profit to net cash inflow from operating activities	1995 £	1994 £	
	Operating profit	3,854,532	2,986,215	
	Depreciation and amortisation charges	696,407	583,511	
	Amounts written off investments	-	51,510	
	(Profit)/loss on sale of fixed assets	111,212	(24,366)	
	(Increase) in stocks	(15,513)	(19,180)	
	(Increase)/decrease in debtors	15,890	(236,960)	
	Increase in creditors	4,406,198	4,786,611	
	Profit on sale of investments	(35,156)	(92,012)	
	Net cash inflow from operating activities	<u>9,033,570</u>	<u>8,035,329</u>	
24	Analysis of changes in cash and cash equivalents during the year	1995 £	1994 £	
	Balance at beginning of year	28,152,155	23,091,295	
	Net cash inflow before adjustments for the effect of foreign exchange rate changes	6,655,855	5,060,876	
	Effect of foreign exchange rate changes	(109)	(16)	
	Balance at end of year	<u>34,807,901</u>	<u>28,152,155</u>	
25	Movement in cash and cash equivalents during the year	1995 £	1994 £	Change £
	Trust accounts	26,325,049	21,070,138	5,254,911
	Cash at bank and in hand	<u>8,482,852</u>	<u>7,082,017</u>	<u>1,400,835</u>
		<u>34,807,901</u>	<u>28,152,155</u>	<u>6,655,746</u>
26	Analysis of changes in financing during the year	Share capital (including premium) £		
	Balance at 26th February 1994			132,082
	Cash (outflow) on purchase of own shares		(537,735)	
	Premium paid to shareholders on buy back		<u>527,700</u>	<u>(10,035)</u>
	Balance at 25th February 1995			<u>122,047</u>