

Apple Booking Company Limited

Financial statements

for the year ended 31 March 1998

Registered no. 1693250



Apple Booking Company Limited

Financial statements for the year ended 31 March 1998

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Apple Booking Company Limited

Directors and advisers

Directors

G N Pack (Chairman)
A P Williams
D B Cowell
S D Lawrence
I A Stewart
Mrs C A Pack
Mrs J B Williams
A F B Harvey (resigned 6 October 1997)
Mrs E Hirlemann (appointed 6 October 1997)

Secretary

A F B Harvey (resigned 6 October 1997)
Mrs E Hirlemann (appointed 6 October 1997)

Registered auditors

Reeves & Neylan
37 St Margaret's Street
Canterbury
Kent CT1 2TU

Registered office

Apple Barn
Smeeth
Ashford
Kent TN25 6SR

Bankers

National Westminster Bank plc
75 High Street
Hythe
Kent CT21 5JQ

Nat West Off Shore Limited
23/25 Broad Street
St Helier
Jersey JE4 8QG

Apple Booking Company Limited

Directors' report for the year ended 31 March 1998

The directors submit their report and financial statements for the year ended 31 March 1998.

Results and dividends

The trading profit for the year, after taxation, amounted to £ 477,504 (1997: £ 284,313) which has been transferred to reserves. The directors do not recommend the payment of a dividend.

Review of the business and future developments

The company's principal activity during the year was the sale of travel-related services, mainly to travel agents. The directors are satisfied with the trading results for the year, and it remains their intention to continue to expand and develop the company's present activities.

Directors' responsibilities

Company law requires 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 period. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting policies have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fixed assets

The changes in fixed assets are summarised in note 7 to the financial statements.

The directors are of the opinion that the open market value of the freehold property is at least equal to the cost.

Apple Booking Company Limited

Directors' report for the year ended 31 March 1998

Directors and their interests

The present membership of the board is set out on page 1.

Directors' interests in the ordinary share capital of the company were as follows:

	31 March 1998	1 April 1997
Ordinary shares of £1 each		
G N Pack	6,000	8,000
A P Williams	7,000	7,000
Mrs C A Pack	7,000	5,000

During the year under review, G N Pack transferred 2,000 ordinary shares of £1 each to Mrs C A Pack.

Mrs C A Pack's shareholding represents a non-beneficial joint interest in 1,000 ordinary £1 shares in addition to 6,000 ordinary £1 shares held beneficially by her.

G N Pack, D B Cowell and Mrs C A Pack retire by rotation and, being eligible, offer themselves for re-election.

Donations

During the year under review the company has made charitable donations of £3,742 (1997:£3,235) to national and local charities.

Auditors

Messrs Reeves & Neylan, Chartered Accountants, 37 St Margaret's Street, Canterbury, Kent have indicated their willingness to stand for re-election, and accordingly a resolution proposing their reappointment will be placed before the annual general meeting at which these financial statements are considered.

By order of the Board



Mrs E Hirlemann
Secretary
5 August 1998

Report of the auditors to the members of Apple Booking Company Limited

We have audited the financial statements on pages 5 to 16 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

As described on page 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Reeves & Neylan
Chartered Accountants & Registered Auditors
Canterbury
5 August 1998

Apple Booking Company Limited

Profit and loss account for the year ended 31 March 1998

	Note	1998 £	1997 £
Turnover	1	28,253,599	22,110,185
Cost of sales		(23,443,308)	(17,987,938)
Gross profit		4,810,291	4,122,247
Administrative expenses		(4,622,634)	(3,867,297)
Other operating income	4	194,322	43,928
Operating profit	2	381,979	298,878
Share of profit/(loss) from fixed asset investments		17,044	(91,861)
Interest receivable and similar income		304,807	198,213
Interest payable		(502)	(399)
Profit on ordinary activities before taxation		703,328	404,831
Tax on profit on ordinary activities	5	(225,824)	(120,518)
Profit on ordinary activities after taxation		477,504	284,313
Dividends	6	-	-
Profit for the financial year		477,504	284,313
Retained profit brought forward		1,199,069	914,756
Retained profit carried forward		1,676,573	1,199,069

The company has no recognised gains or losses other than those disclosed in the above profit and loss account.

All results are derived entirely from continuing operations.

The notes on pages 9 to 16 form part of these financial statements.

Apple Booking Company Limited

Balance sheet at 31 March 1998

	Note	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	7	1,282,509		1,052,785	
Investments	8	618,713		572,914	
		<u>1,901,222</u>		<u>1,625,699</u>	
Current assets					
Debtors and prepayments	9	1,220,536		801,492	
Investments	10	20,586		520,586	
Cash at bank and in hand		<u>5,235,661</u>		<u>3,530,322</u>	
		<u>6,476,783</u>		<u>4,852,400</u>	
Creditors: amounts falling due within one year	11	<u>4,414,353</u>		<u>3,479,396</u>	
Net current assets		<u>2,062,430</u>		<u>1,373,004</u>	
Total assets less current liabilities		<u>3,963,652</u>		<u>2,998,703</u>	
Deferred income	12	<u>(2,267,079)</u>		<u>(1,779,634)</u>	
Net assets		<u><u>1,696,573</u></u>		<u><u>1,219,069</u></u>	
Capital and reserves					
Called up share capital	13	20,000		20,000	
Profit and loss account		<u>1,676,573</u>		<u>1,199,069</u>	
Attributable to equity shareholders	14	<u><u>1,696,573</u></u>		<u><u>1,219,069</u></u>	

These financial statements were approved by the board of directors at a meeting held on 5 August 1998 and signed on their behalf by:-


G N Pack
Chairman


Mrs E Hirlemann
Finance Director

The notes on pages 9 to 16 form part of these financial statements.

Apple Booking Company Limited

Cash flow statement for the year ended 31 March 1998

	1998 £	1997 £
Reconciliation of operating profit to net cash inflow from operating activities		
	Note	
Operating profit		381,979
Depreciation on tangible fixed assets		298,878
Profit on sale of tangible fixed assets		215,142
(Profit)/loss on disposal of investments		179,191
Goodwill written off		(12,207)
(Increase)/decrease in debtors		(6,367)
Increase/(decrease) in creditors		(28,687)
Increase in deferred income		9,504
		60,000
		(419,044)
		828,957
		487,445
Net cash inflow from operating activities		510,890
		1,513,585
		802,189
Cash flow statement		
Net cash inflow from operating activities		1,513,585
Returns on investment and servicing of finance		802,189
Taxation paid	a	321,349
Capital expenditure	a	105,953
		(119,824)
		(67,518)
		(9,771)
		(517,636)
		322,988
Financing		-
Increase in cash		-
		1,705,339
		322,988
Reconciliation of net cash movement in net funds		
Increase in cash in the year		1,705,339
Net cash at 1 April 1997		322,988
		3,730,322
	b	3,407,334
		5,435,661
		3,730,322

The notes to this cash flow statement are set out on page 8.

Apple Booking Company Limited

Notes to the cash flow statement for the year ended 31 March 1998

a Gross cash flows

Returns on investment and servicing of finance

	1998 £	1997 £
Interest received	304,807	198,213
Interest paid	(502)	(399)
Share of net profits/(losses) from fixed asset investments	17,044	(91,861)
	<u>321,349</u>	<u>105,953</u>

Taxation

Corporation tax paid	(119,824)	(67,518)
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Capital expenditure

Payments to acquire tangible fixed assets	(529,385)	(321,862)
Payments/(reduction) in respect of tangible fixed asset investments	(45,799)	281,900
Payments to acquire current asset investments	-	(520,584)
Payments to acquire goodwill	(60,000)	-
Receipts from sales of tangible fixed assets	96,726	42,910
Receipts from sales of current asset investments	528,687	-
	<u>(9,771)</u>	<u>(517,636)</u>

b Analysis of changes in funds

	At 1 April 1997	Cashflows	At 31 March 1998
Cash at bank and in hand	<u>3,730,322</u>	<u>1,705,339</u>	<u>5,435,661</u>

The notes on pages 9 to 16 form part of these financial statements.

Apple Booking Company Limited

Principal accounting policies

Accounting convention

These financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Recognition of income

- (a) Sale of hotel accommodation, airport parking and other travel related products.

Credit is taken to the profit and loss account for stay dates commencing during the accounting period.

- (b) Travel Insurance

Credit is taken to the profit and loss account for the commission arising on insurance policies received during the accounting period.

Depreciation

- (a) Freehold buildings

Statement of Standard Accounting Practice number 12 requires depreciation to be provided on freehold buildings. No depreciation has been provided on the grounds that the company operates a policy of planned maintenance.

- (b) Other assets

Depreciation is provided on all tangible fixed assets, other than freehold land and buildings, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Motor vehicles	25% reducing balance
Other fixtures, fittings & equipment	25% reducing balance
Computer equipment	25% straight line

Deferred taxation

Deferred taxation is computed using the liability method on all short term timing differences. Provision is also assessed for long term timing differences, except for those which are not expected to reverse in the foreseeable future.

Gross profit on trading activities

- (a) Value added tax

VAT on trading activities is accounted for under the Tour Operators' Margin Scheme. VAT payable under the scheme is included in cost of sales.

- (b) Commissions due to agents

Commissions payable to agents on business executed in the year are included in cost of sales.

Turnover is shown gross before deduction of relevant commissions.

Apple Booking Company Limited**Principal accounting policies****Pension costs**

Pension costs charged against profit represent the amount of contributions payable to pension schemes in respect of the accounting period.

Treatment of income from fixed asset investments

The company's share of profits/losses arising from its interests in partnerships, shown under fixed asset investments, is taken to the profit and loss account and disclosed separately.

Goodwill

Goodwill arising on the purchase of business entities is written off in the year of acquisition where appropriate.

Apple Booking Company Limited

Notes to the financial statements for the year ended 31 March 1998

1 Turnover

Turnover comprises the gross value of sales of hotel accommodation, airport parking and other travel related products, including commission arising on travel insurance business.

All turnover arises within the EC.

2 Operating profit

This is stated after:	1998 £	1997 £
Directors' remuneration (see below)	1,290,793	906,047
Auditors' remuneration - audit work	11,000	11,000
- non-audit work	24,255	35,560
Depreciation and profit/loss on sale	202,935	171,823
Goodwill written off	60,000	-

3 Staff costs and directors' emoluments

	1998 £	1997 £
Staff costs (including directors)		
Wages and salaries	2,043,371	1,647,091
Social security costs	179,754	153,470
Pension costs	240,853	120,906
Other staff costs	6,937	-
	<u>2,470,915</u>	<u>1,921,467</u>

The average weekly number of employees during the year was as follows:-

	1998	1997
Office administration	115	103
Sales	12	12
	<u>127</u>	<u>115</u>

Apple Booking Company Limited

Notes to the financial statements for the year ended 31 March 1998

3 Staff costs and directors' emoluments (continued)

Directors' emoluments

	1998 £	1997 £
Remuneration (including bonuses and benefits in kind)	1,013,317	791,499
Pension contributions	232,476	107,748
Ex gratia payment to retiring director	-	6,800
Compensation for loss of office	45,000	-
	<u>1,290,793</u>	<u>906,047</u>

The company has made payments into pension schemes in respect of all directors who held office during the year under review.

The emoluments of the chairman and highest paid director were as follows:

	1998 £	1997 £
Remuneration (including bonuses and benefits in kind)	474,350	285,223
Company pension contributions	109,288	51,000
	<u>583,638</u>	<u>336,223</u>

4 Other operating income

In the year to 31 March 1998, other operating income principally comprises fees receivable re brochure production. In the year to 31 March 1997, other operating income comprised principally management fees receivable.

5 Taxation on profit on ordinary activities

	1998 £	1997 £
UK corporation tax on profit for the year at 31% (1997:33%)	226,000	120,000
Tax attributable to franked investment income	192	-
Corporation tax (over)/under provided in previous years	(368)	518
	<u>225,824</u>	<u>120,518</u>

6 Dividends

No dividends were paid or proposed during the year under review.

Apple Booking Company Limited

Notes to the financial statements for the year ended 31 March 1998

7 Tangible fixed assets

	Freehold land & buildings £	Motor vehicles £	Fixtures & equipment £	Total £
Cost				
At 1 April 1997	474,737	399,344	713,948	1,588,029
Additions	103,740	205,326	220,319	529,385
Disposals	-	156,600	860	157,460
At 31 March 1998	578,477	448,070	933,407	1,959,954
Depreciation				
At 1 April 1997	-	127,974	407,270	535,244
Provided during the year	-	68,231	146,911	215,142
Disposals	-	72,915	26	72,941
At 31 March 1998	-	123,290	554,155	677,445
Net book value				
At 31 March 1998	<u>578,477</u>	<u>324,780</u>	<u>379,252</u>	<u>1,282,509</u>
At 1 April 1997	<u>474,737</u>	<u>271,370</u>	<u>306,678</u>	<u>1,052,785</u>

No depreciation is provided on buildings included in the amounts above as described in accounting policies. An estimated division of the cost of freehold land and buildings would attribute £483,000 to buildings and the balance to land.

Additions to freehold land and buildings includes an amount of £21,000 paid to A P Williams, a director of the company.

The company had no commitments to incur capital expenditure at the balance sheet date.

8 Fixed asset investments

	Interests in partnerships £	Interests in shares in unlisted companies £	Total £
Cost as at 1 April 1997	572,883	31	572,914
Addition/(reduction) during the year	45,805	(6)	45,799
Cost as at 31 March 1998	618,688	25	618,713

The company has the following shareholdings in unlisted companies at the balance sheet date:-

Name of company	Number of shares	Class	Proportion held
Airpark Services Limited	20	Ordinary £1	5%
Airpark Services East Midlands Limited	5	Ordinary £1	5%

Apple Booking Company Limited

Notes to the financial statements for the year ended 31 March 1998

8 Fixed asset investments (cont'd)

The company has interests in the above partnerships as shown below:-

Name of partnership	Profit sharing interest
Apple Barn Creative Design	10%
ABC World Travel	17%
Apple Booking Company Forex	98%

Apple Barn Creative Design and ABC World Travel carry on their businesses from Evegate Park Barn, Evegate, Ashford, Kent. Apple Booking Company Forex carries on its business from Apple Barn, Smeeth, Ashford, Kent.

The interests disclosed above comprise the company's capital account balance in the partnerships at the balance sheet date.

9 Debtors and prepayments

	1998 £	1997 £
Trade debtors	954,845	704,923
Other debtors	248,147	83,232
Trade prepayments	17,544	13,337
	<u>1,220,536</u>	<u>801,492</u>

Included within other debtors is an amount of £85,000 (1997: £Nil) which is recoverable outside one year.

10 Current asset investments

	1998 £	1997 £
Cost at 31 March 1998	<u>20,586</u>	<u>520,586</u>

Investments as stated above represent the historical cost of shareholdings in listed companies, the market value of which at 31 March 1998 was £54,666 (1997: £549,744).

11 Creditors: amounts falling due within one year

	1998 £	1997 £
Trade creditors	3,757,854	2,841,559
Corporation tax	226,000	120,000
Other taxes and social security costs	290,409	263,173
Other creditors	21,681	17,410
Accruals	118,409	237,254
	<u>4,414,353</u>	<u>3,479,396</u>

Apple Booking Company Limited

Notes to the financial statements for the year ended 31 March 1998

12 Deferred income

This comprises cash received in respect of bookings where the stay date falls after the balance sheet date.

13 Share capital

	1998 £	1997 £
Authorised:		
Ordinary £1 shares	20,000	20,000
Allotted, called up and fully paid:		
Ordinary £1 shares	<u>20,000</u>	<u>20,000</u>

14 Reconciliation of movements in equity shareholders' funds

	1998 £	1997 £
Profit for the financial year	<u>477,504</u>	<u>284,313</u>
Net addition to equity shareholders' funds	<u>477,504</u>	<u>284,313</u>
Opening shareholders' funds at 1 April 1997	<u>1,219,069</u>	<u>934,756</u>
Closing equity shareholders' funds at 31 March 1998	<u>1,696,573</u>	<u>1,219,069</u>

15 Related party transactions

During the course of the year under review, transactions took place with the following:-

(i) A partnership known as Apple Booking Company Services, consisting of Mr G N Pack, Mr A P Williams, Mrs C A Pack and Mrs J B Williams, which supplied travel related services to Apple Booking Company Limited, the cost of which was £7,782,358 (1997: £5,371,472). The amount due by Apple Booking Company Limited at the balance sheet date included in trade creditors was £1,054,275 (1997: £603,886).

(ii) A partnership known as ABC En Route consisting of Mrs C A Pack and Mrs J B Williams, which supplied travel related services to Apple Booking Company Limited, the cost of which was £30,126 (1997: £153,026). The amount due to Apple Booking Company Limited included in trade debtors is £2,136 (1997: creditor £37,369).

(iii) Partnerships consisting of Mr G N Pack, Mr A P Williams, Mrs C A Pack, Mrs J B Williams and Apple Booking Company Limited as referred to in note 8. The cost of these services was £198,887 (1997: £113,757)

(iv) A company trading as Airparks Services Limited (previously Airparks Services (Birmingham) Limited) provides services which are marketed by Apple Booking Company Limited to its customers. Mr G N Pack, Mr A P Williams and Mrs C A Pack have a material interest in the shares of this company. The value of services provided to Apple Booking Company Limited in the year to 31 March 1998 was £582,040.

(v) Payments in respect of goodwill totalling £60,000 were made by Apple Booking Company Limited to GN Pack, AP Williams and other related individuals on the acquisition of the businesses of the partnerships ABC Rail and ABC Coach Services.

Apple Booking Company Limited

Notes to the financial statements for the year ended 31 March 1998

16 Deferred taxation

The potential amount of deferred taxation for which no provision has been made in the financial statements, is as follows:-

	1998 £	Provision 1997 £	1998 £	Potential 1997 £
Capital gain on property rolled over			5,680	5,680
As at 31 March 1998	-	-	5,680	5,680

17 Pension costs

The company makes payments into the following defined contribution schemes:-

- a) a small self administered pension scheme in respect of certain of its directors. The assets of the scheme are held separately from those of the company. The pension cost charge included in the financial statements is £190,769 (1997: £90,769).
- b) personal pension schemes in respect of other directors. These amounted to £41,331 during the year under review (1997: £8,356).
- c) a group personal pension plan, which commenced during the year ended 31 March 1997, in respect of other employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost included in the financial statements in respect of this scheme is £8,377.

No amounts were due to or from the pension schemes at the balance sheet date.

18 Contingent liabilities

The company has indemnified its bankers in respect of bonds issued by the bank to various trade suppliers, ABTA and the CAA (ATOL) in respect of the partnership ABC World Travel, in which the company is a partner. The total contingent liability under the bonds amounted to £275,898 at 31 March 1998 (1997: £503,303) and is now secured by fixed cash deposits held in a separate bank account.

In the opinion of the directors liabilities in respect of these bonds are most unlikely to arise.

19 Year 2000 issue

The directors have considered the risks and uncertainties associated with the Year 2000 issue and are of the opinion that the business will be adequately prepared to deal with this matter. A project to ensure that the systems, and those of major customers and suppliers, are compliant before, during and after the Millennium, is under way.

The company is currently involved in updating its Information Technology and Communications systems in order to enhance their functionality. The systems have been specified to incorporate Year 2000 compliance and it is anticipated that the total capital cost will not exceed £40,000. No significant additional revenue costs are expected.