

THERMALIA TRAVEL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997

COMPANY REGISTRATION NUMBER: 2656817



THERMALIA TRAVEL LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997**

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The company was incorporated in England on 23rd October 1991.

THERMALIA TRAVEL LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 1997

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 31st December 1997.

Principal Activity

The principal activity of the company during the year was that of travel agents.

Directors

The directors who have served throughout the year and their shareholdings are as follows:-

	1997	1996
M Sabbion	15,273	15,273
A Sabbion	15,273	15,273
C May	-	-
A Matthews	8,000	8,000
M Sajfert	24,000	24,000(held jointly with Mrs Sajfert)

Directors' Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgment and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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.

THERMALIA TRAVEL LIMITED
REPORT OF THE DIRECTORS (CONT).

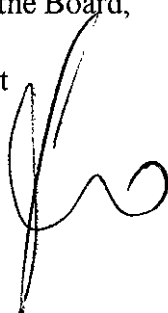
Auditors

The auditors Kesaria & Co will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report which has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies was approved by the board on 17th February 1998 and signed on its behalf.

By order of the Board,

Mr M Sajfert
Director

A handwritten signature in black ink, appearing to be 'M Sajfert', written over the printed name.

Registered Office
Ramada House
361 Kenton Road
Harrow Middx. HA3 0XS

**REPORT OF THE AUDITOR TO THE SHAREHOLDERS OF THERMALIA
TRAVEL LTD
FOR THE YEAR ENDED 31ST DECEMBER 1997**

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of 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

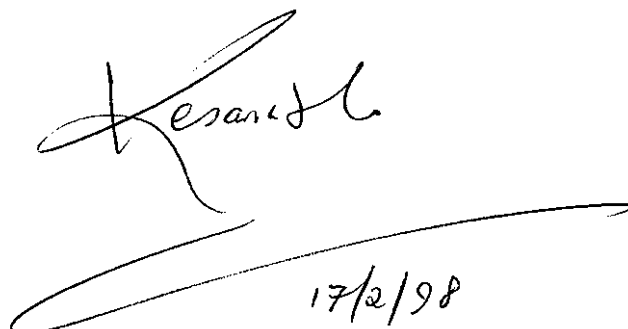
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of Companies Act 1985 applicable to small companies.

Kesaria & Co.
Chartered Certified Accountants &
Registered Auditor
44 Chapman Crescent
Kenton
Harrow
Middlesex HA3 0TE



17/2/98

THERMALIA TRAVEL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1997

TURNOVER	Notes	1997 £	1996 £
Continuing operations	1	1,709,211	1,749,937
Cost of Sales		(1,526,077)	(1,581,458)
		-----	-----
Gross Profit		183,134	168,479
Distribution Costs		(15,851)	(23,545)
Administrative expenses		(159,310)	(147,443)
		-----	-----
Operating Profit			
Continuing operations	2	7,973	(2,509)
Other Interest Receivable and similar income	3	4,712	4,584
		-----	-----
Profit on ordinary activities before tax		12,685	2,075
Taxation	5	(2,998)	(803)
		-----	-----
Profit on ordinary activities after tax		9,687	1,272
Balance brought forward		1,961	689
		-----	-----
Balance carried forward		11,648	1,961
		=====	=====

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company had no recognised gain and losses other than the profit for the above two financial years

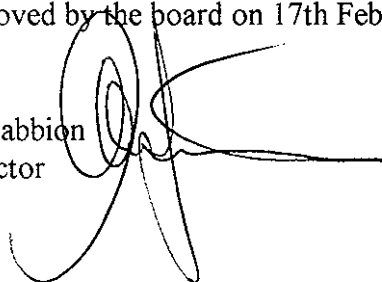
The attached notes form part of these financial statements.

THERMALIA TRAVEL LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 1997

	NOTES	1997	1996
		£	£
Fixed Assets			
Tangible assets	6	15,547	16,363
Current Assets			
Debtors	7	22,635	29,855
Cash at bank		124,428	106,558
		-----	-----
		147,063	136,413
Creditors: Amounts falling due within one year	8	(70,962)	(70,815)
		-----	-----
Net Current Assets		76,101	65,598
		-----	-----
Total assets		91,648	81,961
		=====	=====
Capital and Reserves			
Called up share capital	9	80,000	80,000
Profit and loss account		11,648	1,961
		-----	-----
Shareholders' funds		91,648	81,961
		=====	=====

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies approved by the board on 17th February 1998 and signed on its behalf.

M. Sabbion
Director



The attached notes form part of these financial statements.

THERMALIA TRAVEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997

1 Accounting Policies

1.1 Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and incorporate the results of the principal activity which is described in the directors report and which is continuing.

The company has taken advantage of the exemption in FRSI from the requirement to prepare a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents the amounts derived from the provision of goods and services in the normal course of business after deduction of return and value added tax. The whole of the turnover and profit before taxation is attributable to the one principal activity of the company from United Kingdom.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value over their expected useful lives on the following basis:

Goodwill	15% reducing balance basis
Leasehold Premises	over the term of the lease
Fixtures and fittings	10% reducing balance basis
Office equipment	25% reducing balance basis

1.4 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2 OPERATING PROFIT

Profit on ordinary activities before taxation is stated after charging:

	1997	1996
Depreciation of Tangible fixed assets(owned by Co.)	1,830	1,829
Amortisaation of Goodwill	600	600
Auditor's Remuneration	2,000	2,000
Director's emoluments	67,200	50,141

THERMALIA TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT) FOR THE YEAR ENDED 31ST DECEMBER 1997

3 Other Interest Receivable and Similar Income

	1997 £	1996 £
Bank Deposit Interest	4,698	4,584
Dividends	14	-
	-----	-----
	4,712	4,584
	=====	=====

4 Taxation

	1997 £	1996 £
UK current year taxation	£	£
UK Corporation Tax	2,998	803
	=====	=====

5. Tangible fixed assets

	Leasehold Premises £	Goodwill £	Furniture & Fixture £	Office Equipment £	Total £
Cost					
At 1/1/97	9,140	12,000	14,690	5,902	41,732
Additions	-	-	697	917	1,614
	-----	-----	-----	-----	-----
At 31/12/97	9,140	12,000	15,387	6,819	43,346
	-----	-----	-----	-----	-----
Depreciation					
At 1/1/97	9,140	7,500	5,126	3,603	25,369
Chg for the year	-	600	1,026	804	2,430
	-----	-----	-----	-----	-----
At 31/12/97	9,140	8,100	6,152	4,407	27,799
	=====	=====	=====	=====	=====
Net book values					
At 31/12/97	£ -	£ 3,900	£ 9,235	£ 2,412	£ 15,547
	=====	=====	=====	=====	=====
At 31/12/96	-	£4,500	£9,564	£2,299	£16,363
	=====	=====	=====	=====	=====

THERMALIA TRAVEL LIMITED

NOTES TO THE FINANCIAL STATEMENT (CONT) FOR THE YEAR ENDED 31ST DECEMBER 1997

7. Debtors	1997	1996
	£	£
Trade Debtors	11,201	14,708
Prepayments	6,630	7,882
Payment in Advance	4,804	7,265
	<u>22,635</u>	<u>29,855</u>

8. Creditors: amounts falling due within one year

	1997	1996
	£	£
Trade creditors	48,356	49,600
Amount Received in Advance	10,226	11,004
Other taxes and social security	5,165	5,451
Accruals	4,217	3,957
Corporation Tax	2,998	803
	<u>70,962</u>	<u>70,815</u>

9. Share Capital

	1997	1996
	£	£
Authorised		
Ordinary shares of £1 each	110,000	110,000
Allotted and fully paid		
Ordinary shares of £1 each	80,000	80,000
	<u>80,000</u>	<u>80,000</u>

10. Movement on shareholders' funds

	1997	1996
	£	£
Profit for the year	9,687	1,272
Opening shareholders funds	81,961	80,689
	<u>91,648</u>	<u>81,961</u>