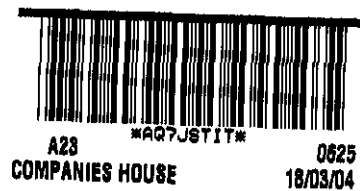


PHOENIX (McKECHNIE) TRAVEL LIMITED
ACCOUNTS FOR THE YEAR ENDED 31 JULY 2003
Company Number 2821888



DIRECTORS AND OFFICERS
For the year ended 31 July 2003

DIRECTORS

Mrs S E Beechey
Mr S G Moberley
Mr M L M Lancaster
Mr J M Langley
Mr M J Williamson
Mr R M Gibbon

SECRETARY

Mr RE McDonald

AUDITORS

Ernst & Young LLP
Registered Auditor
Birmingham

DIRECTORS' REPORT

For the year ended 31 July 2003

The Directors submit their report and the financial statements of Phoenix (McKechnie) Travel Limited for the year ended 31 July 2003

PRINCIPAL ACTIVITIES

The principal activity of the Company is to act as travel agents. The Company has carried on this activity since incorporation on 26 May 1993.

REVIEW OF THE BUSINESS

The Directors consider that the Company's state of affairs is satisfactory and that future results will be of a similar nature.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £17 (2002: £478), which was transferred to reserves. The Directors do not recommend the payment of a dividend (2002: nil).

FIXED ASSETS

Movements in Fixed Assets are shown in Note 5.

DIRECTORS

The Directors of the Company during the year were:

Mrs S E Beechey
Mr S G Moberley
Mr M L M Lancaster
Mr J M Langley
Mr M J Williamson
Mr R M Gibbon

DIRECTORS' INTERESTS IN SHARES

No Director has any beneficial interest in the share capital of the Company.

TAX STATUS

The Directors consider that the Company is not a 'close Company' within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as auditors to the company, and for their remuneration to be fixed by the Directors will be submitted to the Annual General Meeting.

By order of the Board

Secretary



Date: 29 January 2004.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 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;
- 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 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.

**REPORT OF THE AUDITORS TO THE
MEMBERS OF PHOENIX (McKECHNIE) TRAVEL LIMITED**

We have audited the Phoenix (McKechnie) Travel Limited Financial Statements for the year ended 31 July 2003 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 12. These Financial Statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the Financial Statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Companies Act 1985. 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 with Phoenix McKechnie Travel Limited is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 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 preparation of information in the Financial Statements.

Opinion

In our opinion the Financial Statements give a true and fair view of the Company's affairs as at 31 July 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Birmingham

Date: 29 January 2004

PROFIT AND LOSS ACCOUNT
For the year ended 31 July 2003

	Notes	Year Ended 31 July 2003 £	Year Ended 31 July 2002 £
Turnover	1	635,477	802,167
Cost of Sales		599,149	737,494
Gross Profit		<u>36,328</u>	<u>64,673</u>
Interest Received		0	107
Interest Payable		(25)	(1,048)
		<u>36,303</u>	<u>63,732</u>
Administrative Expenses		36,286	63,198
Profit on Ordinary Activities Before Taxation	2	<u>17</u>	<u>534</u>
Taxation	4	0	56
Profit on Ordinary Activities After Taxation		<u>17</u>	<u>478</u>
Retained Profit Brought Forward		22,176	21,698
Retained Profit Carried Forward	11	<u>22,193</u>	<u>22,176</u>

There are no Recognised Gains or Losses other than the profit of £17 for the year (2002 : £478)

BALANCE SHEET
As at 31 July 2003

	Notes	31 July 2003 £	31 July 2002 £
Fixed Assets	5	475	1,559
Current Assets			
Debtors	6	133,379	115,431
Creditors : Amounts Falling Due Within One Year	7	<u>85,661</u>	<u>69,814</u>
Net Current Assets		46,718	45,617
Total Net Assets		<u>47,193</u>	<u>47,176</u>
Equity Shareholders Funds			
Called Up Share Capital	8	25,000	25,000
Profit and Loss Account	11	22,193	22,176
		<u>47,193</u>	<u>47,176</u>

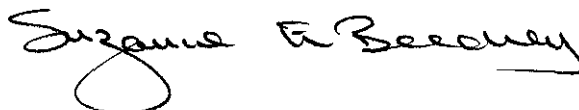
Approved by the Board of Directors on :

Director



Date

29 January 2004.



NOTES FORMING PART OF THE ACCOUNTS
For the year ended 31 July 2003

1. ACCOUNTING POLICIES

The Financial Statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

RELATED PARTIES

The company is jointly controlled by McKechnie Ltd and TTT Ltd.

TURNOVER

Turnover represents the amounts invoiced net of value added tax and is derived entirely from travel sales in the United Kingdom.

DEPRECIATION

Depreciation is calculated to write off the cost of fixed assets, by equal instalments over their expected useful lives at the following rates:

Furniture and fittings	10% per annum on cost
Office Equipment	20% per annum on cost

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying values may not be recoverable.

DEFERRED TAXATION

In accordance with FRS19, deferred tax is provided at the rate ruling on the balance sheet date on timing differences that arise from the recognition of income and expenditure in differing periods for taxation and accounting purposes.

CASH FLOW STATEMENT

The Company falls into the small Company category, as defined by the Companies Act 1985 and is not therefore required to submit a cash flow statement.

2. PROFIT BEFORE TAXATION

The profit on ordinary activities is arrived at after charging:

	Year Ended 31 July 2003	Year Ended 31 July 2002
	£	£
Depreciation	1,084	1,076
Auditor's remuneration	1,500	1,250
Staff costs (Note 3)	24,859	31,413

NOTES FORMING PART OF THE ACCOUNTS
For the year ended 31 July 2003

3.	Staff	Year Ended 31 July 2003 £	Year Ended 31 July 2002 £
	1) Total payroll costs :		
	Salaries & Wages	22,168	28,449
	Social Security Costs	2,221	2,605
	Other Costs	470	359
		<u>24,859</u>	<u>31,413</u>

2) The average number of persons employed by the company during the year was as follows:

Office & Management	<u>1</u>	<u>2</u>
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3) The directors received no remuneration for the year under review (2002 : Nil)

4. Taxation
on profit on ordinary activities

a) Analysis of tax charge	Year Ended 31 July 2003 £	Year Ended 31 July 2002 £
Based on profit for the year		
Corporation Tax at 0% (2002 : 6.66%)	0	56
	<u>0</u>	<u>56</u>

b) Factors affecting tax charge for period

The tax charge for the period is higher than the relevant UK tax rate of 6.66% (2001 10%). The differences are explained below:

	Year Ended 31 July 2003 £	Year Ended 31 July 2002 £
Profit on ordinary activities	17	535
Profit on ordinary activities at relevant UK tax rate of 0% (2002 6.66%)	0	36
Disallowed expenses and non-taxable income	0	0
Depreciation for the period in excess of capital allowances	0	20
Current tax charge	<u>0</u>	<u>56</u>

c) Factors that may affect future tax charges

The company has previously suffered depreciation charges in excess of capital allowances to the extent of £ gross (2002 £775). At the deferred tax rate of 0%, there is no deferred tax asset associated with this difference.

NOTES FORMING PART OF THE ACCOUNTS
For the year ended 31 July 2003

5.	Tangible Fixed Assets	Furniture & Fittings £	Office Equipment £	Total £
	Cost :			
	At 1 August 2002	853	16,065	16,918
	Additions	0	0	0
	As at 31 July 2003	853	16,065	16,918
	Depreciation :			
	At 1 August 2002	722	14,637	15,359
	Charge for the Year	84	1,000	1,084
	As at 31 July 2003	806	15,637	16,443
	Net Book Value :			
	As at 31 July 2003	47	428	475
	As at 31 July 2002	131	1,428	1,559
6.	Debtors	31 July 2003 £	31 July 2002 £	
	Due within one year :			
	Trade debtors	125,906		113,369
	Other debtors	7,473		2,062
		133,379		115,431
7.	Creditors	31 July 2003 £	31 July 2002 £	
	Amounts falling due within one year :			
	Bank overdraft	15,975		3,617
	Trade creditors	61,284		37,433
	Other creditors	119		17,000
	Corporation tax	0		56
	Accruals	9,283		11,708
		86,661		69,814

PHOENIX (McKECHNIE) TRAVEL LIMITED

NOTES FORMING PART OF THE ACCOUNTS
For the year ended 31 July 2003

8. Share Capital

Ordinary shares of £1 each at
31 July 2003 and 31 July 2002 :

	£	No.
Authorised	25,000	25,000
Allotted, called up and fully paid	25,000	25,000

9. Capital Commitments

The company had no capital commitments at 31 July 2003 (2002 : £nil)

10. Contingent Liabilities

The company had no contingent liabilities at 31 July 2003 (2002 : £nil)

11. Reconciliation of Shareholders' Funds and Movements in Reserves

	Share Capital	Profit & Loss Account	Total Shareholders' Funds
	£	£	£
At 1 August 2002	25,000	22,176	47,176
Profit for the Year	0	17	17
As at 31 July 2003	25,000	22,193	47,193

12. Related Party Transactions

Included within turnover are sales of £630,471 to associated undertakings.

Amounts due from associated undertakings as at 31 July 2003 are £125,906 (2002: £113,369)