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PENDLE TRAVEL SERVICES LIMITED
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
30TH SEPTEMBER 1984

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PENDLE TRAVEL SERVICES LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30th September 1984.

1. Principal activities

The group is principally engaged as Travel Agents and Tour Operators.

2. Results

The group has continued to expand during the year, with its external turnover for 1984 amounting to £25,146,219 as against £16,083,853 in 1983. As a result profit before tax has substantially increased, being £707,061 in 1984 as against £461,589 in 1983.

This growth has been achieved partly by the group's existing travel agency branches becoming more established during the year, but the major factor has been the continued expansion of the Tour Operator division, trading as Air Tours, which has now firmly established itself as a major force within the packaged holiday market.

The directors expect to see growth maintained in the current year and are actively considering further expansion, having plans to increase the travel agency network by the acquisition of further branches.

The profit for the year after taxation amounted to £387,306. In view of the onerous bonding requirements, the directors are however unable to recommend payment of a dividend and the profit has therefore been retained.

The directors intend to recommend to the shareholders an increase in the called up share capital amounting to £200,000 by way of a capitalisation of reserves. This will increase the called up share capital to £500,000.

3. Directors

The directors in office at the end of the year are listed below, and both served on the Board throughout the year.

Mr. D. Crossland retires by rotation and being eligible offers himself for re-election.

The interests of the directors in the ordinary shares of the company and its subsidiaries at 1st October 1983 and at 30th September 1984 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1967, were as follows:

	<u>1984</u>	<u>1983</u>
D. Crossland	198,000	70,400
T. Trickett	102,000	34,000

On 8th October 1984 Mr. T. Lovelock was appointed to the Board of Directors.

PENDLE TRAVEL SERVICES LIMITED
REPORT OF THE DIRECTORS (CONTINUED)

4. Fixed assets

Movements

The principal items of capital expenditure were the purchase of a freehold property (£13,000), the purchase of additional office and computer equipment (£206,571) and the purchase of additional motor vehicles (£146,636), of which £85,828 relates to commercial vehicles, necessitated by the continued expansion of the group.

The net book amount of fixed assets sold during the year was £9,244.

5. Auditors

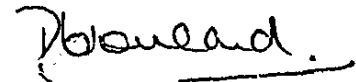
Thornton Baker offer themselves for reappointment as auditors in accordance with Section 14(1) of the Companies Act 1976.

Registered Office:

21a Deardengate,
Haslingden,
Lancashire

30th November 1984

ON BEHALF OF THE BOARD



D. CROSSLAND

Chairman

PENDLE TRAVEL SERVICES LIMITED
REPORT OF THE AUDITORS FOR THE YEAR ENDED
30TH SEPTEMBER 1984

REPORT OF THE AUDITORS TO THE MEMBERS
OF PENDLE TRAVEL SERVICES LIMITED

We have audited the financial statements on pages 4 to 19 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, as modified by the revaluation of certain properties, give a true and fair view of the state of the group's affairs at 30th September 1984, and of its profit and source and application of funds for the year then ended, and comply with the Companies Acts 1948 to 1981.

The financial statements do not contain the current cost accounts required by Statement of Standard Accounting Practice No. 16.



THORNTON BAKER
Preston

30th November 1984

PENDLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30TH SEPTEMBER 1984

The financial statements have been prepared under the historical cost convention except that freehold and long leasehold properties are shown at their revalued amounts.

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

(a) Basis of Consolidation

The group financial statements consolidate the financial statements of the company and each of its subsidiaries (see Note 8). The financial statements of each company in the group have been prepared to 30th September 1984. All unrealised internal profits are eliminated on consolidation. The profit attributable to members of the company is after deducting the proportion attributable to outside shareholders.

Both subsidiaries transferred their trade to the parent company on 30th September 1982 and from that date have remained dormant; accordingly no profit or loss arises in the financial statements of the two subsidiaries.

Goodwill arising on consolidation, representing the excess of the purchase price over the fair value of the net assets of subsidiaries at the date of acquisition, has been written off against Reserves.

(b) Turnover

Turnover is the total amount receivable by the group in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT and trade discounts.

(c) Investment income

Investment income comprises interest receivable on Bank Deposits.

(d) Depreciation

Depreciation on Leasehold Property is calculated to write down the cost or valuation by equal annual instalments over their expected useful lives.

PENDLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1984

(d) Depreciation (continued)

Depreciation on other tangible fixed assets is calculated on the reducing balance method and aims to write down the cost of all such assets other than freehold land and buildings over their expected useful lives

The rates/periods generally applicable are:

Long leasehold premises	2%
Short leasehold premises	Period of lease
Fixtures, fittings and equipment	10%
Motor vehicles	25%

No depreciation is provided on Freehold premises. This policy does not comply with the provisions of Statement of Standard Accounting Practice No.12 nor the Companies Act 1981, Schedule 1, Paragraph 18. However, in the opinion of the directors it is inappropriate to provide depreciation on premises which are appreciating in value. In addition the directors are of the opinion that if depreciation were provided, this would not materially affect the profit for the year nor the figure at which fixed assets are stated on the Balance Sheet.

(e) Stock

Stock consists only of stationery stock and is stated at an estimated figure of cost.

(f) Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements.

Provision is made for deferred taxation, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Such tax not provided for is disclosed as a contingent liability.

In view of the difficulty of accurately forecasting the level of capital expenditure available for relief in future years, the Directors have, however, provided for deferred tax on accelerated capital allowances in full.

Transfers to and from deferred taxation are calculated at the rate of corporation tax in force at the end of the period in which the transfers are made, adjusting for any changes in rate as compared with the preceding period.

PENDLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1984

(g) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All realised exchange differences are dealt with through the profit and loss account.

(h) Brochure cost

The costs incurred in the preparation of the Tour Operator brochures are charged to profits in the year in which the cost was incurred.

(i) Purchased goodwill

Purchased goodwill is stated at cost. No amount is written off such goodwill as the directors consider that it is inappropriate to reduce the cost when the inherent value of the goodwill is, in their opinion, increasing.

The directors are aware that this accounting treatment conflicts with provisions of the Companies Act 1981, Schedule 1, Paragraph 21, but believe that this is necessary in order to show a true and fair view.

PENDLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH SEPTEMBER 1984

	<u>Note</u>	<u>1984</u>	<u>1983</u>
<u>Turnover</u>	1	25,146,219	16,083,853
<u>Cost of sales</u>		<u>21,625,740</u>	<u>13,809,489</u>
<u>Gross profit</u>		3,520,479	2,274,364
Selling cost	2,080,914	1,255,060	
Administrative expenses	439,763	255,962	
Other charges	<u>540,669</u>	<u>409,137</u>	
		<u>3,061,346</u>	<u>1,920,159</u>
<u>Operating profit</u>		459,133	354,205
Interest receivable and sundry income	2	<u>247,928</u>	<u>107,384</u>
<u>Profit on ordinary activities before taxation</u>	1	707,061	461,589
Tax on profit on ordinary activities	4	<u>319,755</u>	<u>246,083</u>
Profit on ordinary activities after taxation, retained	5	<u>£387,306</u>	<u>£215,506</u>
<u>Profit retained</u>			
By the company		£387,306	£215,506
By subsidiaries		<u>-</u>	<u>-</u>

The accounting policies and notes on pages 4 to 6 and 11 to 19 form part of these financial statements.

PENDLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

GROUP BALANCE SHEET AT 30TH SEPTEMBER 1984

	<u>Note</u>	<u>1984</u>	<u>1983</u>
<u>Fixed assets</u>			
Intangible assets	6	28,002	28,000
Tangible assets	7	<u>617,888</u>	<u>321,438</u>
		645,890	349,438
<u>Current Assets</u>			
Stocks		12,500	10,000
Debtors	9	1,196,962	622,272
Investments	10	2,861,000	2,105,000
Cash at bank and in hand		<u>1,449,487</u>	<u>315,882</u>
		5,519,949	3,053,154
<u>Creditors: Amounts falling due within one year</u>	11	<u>5,082,783</u>	<u>2,775,544</u>
<u>Net current assets</u>		<u>437,166</u>	<u>277,610</u>
<u>Total assets less current liabilities</u>		1,083,056	627,048
<u>Creditors: Amounts falling due after more than one year:</u>			
Directors' loan accounts		75,000	75,000
Barclays Mercantile credit loan		<u>42,900</u>	<u>52,800</u>
		117,900	127,800
<u>Provisions for liabilities</u>			
Deferred taxation	13	<u>161,063</u>	<u>82,461</u>
		<u>278,963</u>	<u>210,261</u>
		<u>£804,093</u>	<u>£416,787</u>
<u>Capital and reserves</u>			
Called up share capital	15	300,000	104,400
Share premium account	16	10,800	10,800
Revaluation reserve	16	7,500	7,500
Profit and loss account	16	<u>485,793</u>	<u>294,087</u>
		<u>£804,093</u>	<u>£416,787</u>

The financial statements were approved by the Board of Directors on 30th November 1984

...*[Signature]*... D. CROSSLAND)
 ...*[Signature]*... T. TRICKETT) DIRECTORS

The accounting policies and notes on pages 4 to 6 and 11 to 19 form part of these financial statements.

PENDLE TRAVEL SERVICES LIMITED

BALANCE SHEET AT 30TH SEPTEMBER 1984

	<u>Note</u>	<u>1984</u>	<u>1983</u>
<u>Fixed assets</u>			
Intangible assets	6	28,002	28,000
Tangible assets	7	617,838	321,438
Investments	8	27,056	27,056
		<u>672,946</u>	<u>376,494</u>
<u>Current assets</u>			
Stocks		12,500	10,000
Debtors	9	1,196,962	622,272
Investments	10	2,861,000	2,105,000
Cash at bank and in hand		<u>1,449,487</u>	<u>315,882</u>
		<u>5,519,949</u>	<u>3,053,154</u>
<u>Creditors: Amounts falling due within one year</u>	11	<u>5,082,783</u>	<u>2,775,544</u>
<u>Net current assets</u>		<u>437,166</u>	<u>277,610</u>
<u>Total assets less current liabilities</u>		<u>1,110,112</u>	<u>654,104</u>
<u>Creditors: Amounts falling due after more than one year</u>	12	<u>170,920</u>	<u>180,820</u>
<u>Provisions for liabilities</u>			
Deferred taxation	13	<u>161,063</u>	<u>82,461</u>
		<u>331,983</u>	<u>263,281</u>
		<u>£778,129</u>	<u>£390,823</u>
<u>Capital and reserves</u>			
Called up share capital	15	300,000	104,400
Share premium account	16	10,800	10,800
Revaluation reserve	16	7,500	7,500
Profit and loss account	16	<u>459,829</u>	<u>268,123</u>
		<u>£778,129</u>	<u>£390,823</u>

The financial statements were approved by the Board of Directors on 30th November 1984

.....*Michael D. Crossland*) DIRECTORS
W. Trickett)
 T. TRICKETT)

The accounting policies and notes on pages 4 to 6 and 11 to 19 form part of these financial statements.

PFADLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30TH SEPTEMBER 1984

	<u>1984</u>	<u>1983</u>
<u>Source of funds</u>		
From operations		
Profit on ordinary activities before taxation	707,061	461,589
Adjustments for items not involving the movement of funds		
Depreciation and amounts written off fixed assets	60,533	29,566
Loss/(profit) on sale of fixed assets	<u>36</u>	<u>(28)</u>
	<u>60,569</u>	<u>29,538</u>
	767,630	491,127
From other sources		
Proceeds of disposals of tangible fixed assets	<u>9,188</u>	<u>3,050</u>
	776,818	494,177
<u>Application of funds</u>		
Tax paid	51,452	1,980
Purchase of tangible fixed assets	366,207	107,358
Loan repayments	9,900	1,367
Purchase of goodwill	<u>2</u>	<u>28,000</u>
	<u>427,561</u>	<u>138,705</u>
<u>Net inflow of funds</u>	<u>£349,257</u>	<u>£355,472</u>
<u>Increase/(decrease) in working capital</u>		
Stocks	2,500	271
Debtors	574,690	356,029
Creditors: Amounts falling due within one year	<u>(2,119,156)</u>	<u>(1,595,069)</u>
	<u>(1,541,966)</u>	<u>(1,238,769)</u>
Net liquid funds		
Cash at bank and in hand	1,135,223	87,241
Short-term deposits	<u>756,000</u>	<u>1,507,000</u>
	<u>1,891,223</u>	<u>1,594,241</u>
<u>Net increase in working capital</u>	<u>£349,257</u>	<u>£355,472</u>

PENDLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1984

1. Turnover and profit on ordinary activities before taxation

	<u>1984</u>	<u>Turnover</u> <u>1983</u>
Travel agency	9,288,170	7,441,025
Tour operator	17,885,409	10,016,828
	<u>27,173,579</u>	<u>17,457,853</u>
<u>Deduct</u> internal trading	<u>2,027,360</u>	<u>1,374,000</u>
	<u>£25,146,219</u>	<u>£16,083,853</u>

The whole of the turnover arises within the United Kingdom.

The analysis of profit before taxation by class of business has not been given because, in the opinion of the directors, such an analysis is both difficult to extract and of limited use, having regard to the organisation of the company's activities.

Profit on ordinary activities is stated after:

	<u>1984</u>	<u>1983</u>
Hire and leasing of equipment and vehicles	£34,184	£32,865
Auditors' remuneration	£15,000	£21,813
Depreciation	£60,533	£29,566
Directors' emoluments (Note 3)	£446,685	£352,847

2. Interest receivable and sundry income

	<u>1984</u>	<u>1983</u>
Rent of equipment	2,770	-
Rent receivable from land, less outgoings	3,498	2,915
Interest received	241,696	104,441
(Loss)/Profit on disposal of fixed assets	<u>(36)</u>	<u>28</u>
	<u>£247,928</u>	<u>£107,384</u>

PENDLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1984

3. Directors and employees

Staff costs during the year

	<u>1984</u>	<u>1983</u>
Wages and salaries	1,355,596	797,124
Social security	86,859	52,146
BUPA	<u>19,463</u>	<u>8,399</u>
	<u>£1,461,918</u>	<u>£857,669</u>

The average number of employees of the group during the year was:

	<u>1984</u>	<u>1983</u>
Travel agency	81	61
Tour operator	<u>85</u>	<u>37</u>
	<u>166</u>	<u>98</u>

Staff costs include remuneration in respect of directors, as follows:

	<u>1984</u>	<u>1983</u>
Directors management remuneration	446,685	350,847
Compensation for loss of office	<u>-</u>	<u>2,000</u>
	<u>£446,685</u>	<u>£352,847</u>

The emoluments of the directors, excluding pension contributions, were as follows:

	<u>1984</u>	<u>1983</u>
The chairman and highest paid director	<u>£293,343</u>	<u>£259,198</u>

Other directors

	<u>1984</u> <u>Number</u>	<u>1983</u> <u>Number</u>
£ 5,001 to £ 10,000	-	1
£ 85,001 to £ 90,000	-	1
£150,001 to £155,000	1	-

Higher paid employees.

One employee of the company received between £30,001 and £35,000 during the year, excluding pension contributions. (1983 none).

PENDLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1984

4. Tax on profit on ordinary activities

The taxation charge is based on the profit for the year and is made up as follows:

	<u>1984</u>	<u>1983</u>
Corporation tax @ 47.5% (1983 51%)	256,148	223,000
Deferred tax	<u>89,703</u>	<u>22,700</u>
	<u>345,851</u>	<u>245,700</u>
Adjustments in respect of prior years:		
Corporation tax	(14,995)	(2,597)
Deferred tax	<u>(11,101)</u>	<u>2,980</u>
	<u>£319,755</u>	<u>£246,083</u>

Income and Corporation Taxes Act 1970

The company is a close company as defined by Section 282 of the Income and Corporation Taxes Act 1970.

Finance Act 1972

The directors are of the opinion that technically the income of the company may fall to be apportioned under Schedule 16 to the Finance Act 1972 (as amended). Although the matter has not yet been agreed with the Inland Revenue, the directors believe that no apportionment is likely to be made.

5. Profit for the financial year

As the subsidiaries have not traded during the years ended 30th September 1984 and 30th September 1983, the whole of the profit arises in the financial statements of the parent company.

PENDLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1984

6. Intangible fixed assets

	<u>The group</u>		<u>The company</u>
	<u>Goodwill on consolidation</u>	<u>Purchased goodwill</u>	<u>Purchased goodwill</u>
Cost			
At 1st October 1983	8,116	28,000	28,000
Additions	-	2	2
At 30th September 1984	<u>£8,116</u>	<u>£28,002</u>	<u>£28,002</u>
Amounts written off			
At 1st October 1983 and 30th September 1984	<u>£8,116</u>	<u>£ -</u>	<u>£ -</u>
Net book amount at 30th September 1984	<u>£ Nil</u>	<u>£28,002</u>	<u>£28,002</u>
Net book amount at 30th September 1983	<u>£ Nil</u>	<u>£28,000</u>	<u>£28,000</u>

7. Tangible fixed assets

		<u>Land and Buildings</u>					
		<u>Total</u>	<u>Freeholds</u>	<u>Long lease-holds</u>	<u>Short lease-holds</u>	<u>Fixtures, fittings and equipment</u>	<u>Motor vehicles</u>
<u>The group and the company</u>							
Cost or valuation							
At 1st October 1983	387,075	34,514	52,099	57,368	207,150	35,944	
Additions	366,207	13,000	-	-	206,571	146,636	
Disposals	753,282 (16,597)	47,514 -	52,099 -	57,368 (2,190)	413,721 -	182,580 (14,407)	
At 30th September 1984	<u>£736,685</u>	<u>£47,514</u>	<u>£52,099</u>	<u>£55,178</u>	<u>£413,721</u>	<u>£168,173</u>	
Depreciation							
At 1st October 1983	65,637	-	2,084	13,645	37,161	12,747	
Provided in year	60,533	-	1,042	7,318	38,157	14,016	
Disposals	126,170 (7,373)	-	3,126 -	20,963 (1,846)	75,318 -	26,763 (5,527)	
At 30th September 1984	<u>£118,797</u>	<u>£ -</u>	<u>£3,126</u>	<u>£19,117</u>	<u>£75,318</u>	<u>£21,236</u>	
Net book amount at 30th September 1984	<u>£617,888</u>	<u>£47,514</u>	<u>£48,973</u>	<u>£36,061</u>	<u>£338,403</u>	<u>£146,937</u>	
Net book amount at 30th September 1983	<u>£321,438</u>	<u>£34,514</u>	<u>£50,015</u>	<u>£43,723</u>	<u>£169,989</u>	<u>£23,197</u>	

PENDLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1984

7. Tangible fixed assets (continued)

The net book amount of motor vehicles includes:-

	<u>1984</u>	<u>1983</u>
Commercial vehicles	83,133	15,315
Other vehicles	<u>63,804</u>	<u>7,882</u>
	<u>£146,937</u>	<u>£23,197</u>

The gross amount of land and buildings on which depreciation is being provided is as follows:

Freehold buildings	£Nil
Long leasehold	£52,099
Short leasehold	£55,178

The figures stated above for cost or valuation include a valuation as follows:

	<u>The group and the company</u>		
	<u>Freehold property</u>	<u>Long leasehold</u>	
	<u>1984</u>	<u>1983</u>	<u>property</u>
			<u>1984 and 1983</u>
At cost	31,514	18,514	26,099
At 1980 valuation	16,000	16,000	-
At 1982 valuation	-	-	<u>26,000</u>
	<u>£47,514</u>	<u>£34,514</u>	<u>£52,099</u>

If these assets had not been revalued they would have been included on the historical cost basis at the following amounts:

	<u>The group and the company</u>	
	<u>Freehold property</u>	<u>Long leasehold</u>
		<u>property</u>
Cost	3,574	18,500
Accumulated Depreciation	-	<u>1,110</u>
Net book amount at 30th September 1984	-	<u>£17,390</u>
Net book amount at 30th September 1983	<u>£3,574</u>	<u>£17,760</u>

PENDLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1984

8. Fixed asset investments

The company

Shares in
group
companies

Cost and net book amount
At 1st October 1983 and
30th September 1984

£27,056

No Amounts have been written off

At 30th September 1984 the company holds more than 10% of the allotted share capital of the following companies:

<u>Subsidiaries</u>	<u>Country of registration</u>	<u>Class of share capital held</u>	<u>Proportion held</u>	<u>Nature of business</u>
A.I.R. Tours Limited	England	Ordinary	100%	Dormant
Space and Time Limited (formerly Discovering Isle of Man Limited)	England	Ordinary	100%	Dormant

9. Debtors

Amounts falling due
within one year:

Trade debtors
Other debtors
Prepayments

1984 1983
The group and
the company

998,224	532,556
100,775	35,317
<u>97,963</u>	<u>54,399</u>
<u>£1,196,962</u>	<u>£622,272</u>

10. Current asset investments

The group and the company
1984 1983

Money market deposits

<u>£2,861,000</u>	<u>£2,105,000</u>
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PENDLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1984

11. Creditors - amounts falling due within one year

	<u>The group and the company</u>	
	<u>1984</u>	<u>1983</u>
Bank overdraft	-	1,618
Trade creditors	3,711,916	2,000,395
Current taxation	453,753	264,052
Social security and other taxes	472,444	205,599
Other creditors	177,627	184,432
Accruals	129,236	42,520
Directors' current accounts	137,807	76,928
	<u>£5,082,783</u>	<u>£2,775,544</u>

12. Creditors - amounts falling due after more than one year

	<u>The group</u>		<u>The company</u>	
	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>
Amounts owed to group companies	-	-	53,020	53,020
Directors' loan accounts	75,000	75,000	75,000	75,000
Hire purchase loan	<u>42,900</u>	<u>52,800</u>	<u>42,900</u>	<u>52,800</u>
	<u>£117,900</u>	<u>£127,800</u>	<u>£170,920</u>	<u>£180,820</u>

Under the terms of an agreement with the Civil Aviation Authority, Directors loan accounts amounting to £75,000 cannot be repaid without the written consent of that Authority.

13. Provisions for liabilities

	<u>Deferred taxation</u> <u>(Note 14)</u>
<u>The group and the company</u>	
At 1st October 1983	82,461
Provided during the year:	
Taxation charge	<u>78,602</u>
At 30th September 1984	<u>£161,063</u>

14. Deferred taxation

Deferred taxation provided in the financial statements and the total potential liability, including the amount provided, are set out below. The differences of £5,978 (1983 £5,978) represent contingent liabilities at the balance sheet date.

	<u>Amount provided</u>		<u>Potential liability</u>	
	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>
<u>The group and the company</u>				
Accelerated capital allowances	161,063	82,461	161,063	82,461
Unrealised capital gains	<u>-</u>	<u>-</u>	<u>5,978</u>	<u>5,978</u>
	<u>£161,063</u>	<u>£82,461</u>	<u>£167,041</u>	<u>£88,439</u>

PENDLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1984

15. <u>Called up share capital</u>	<u>1984</u>	<u>1983</u>
Authorised 1,000,000 ordinary shares of £1 each	<u>£1,000,000</u>	<u>£1,000,000</u>
Allotted, called up and fully paid 300,000 (1983 104,400) ordinary shares of £1 each	<u>£300,000</u>	<u>£104,400</u>

Allotment during the year

In order to comply with IATA guidelines, the issued share capital was increased to £300,000 by way of a bonus issue of shares out of accumulated reserves amounting to £195,600.

16. Share premium account and reserves

	<u>Share premium account</u>	<u>Revaluation reserve</u>	<u>Profit and loss account</u>
<u>The group</u>			
At 1st October 1983	10,800	7,500	294,087
Retained profit for the year	-	-	387,306
Capitalisation of reserves	-	-	<u>(195,600)</u>
At 30th September 1984	<u>£10,800</u>	<u>£7,500</u>	<u>£485,793</u>
<u>The company</u>			
At 1st October 1983	10,800	7,500	268,123
Retained profit for the year	-	-	387,306
Capitalisation of reserves	-	-	<u>(195,600)</u>
At 30th September 1984	<u>£10,800</u>	<u>£7,500</u>	<u>£459,829</u>

No provision has been made for taxation which would accrue if the properties were disposed of at their revalued amounts. The potential liability is disclosed in Note 14.

The balance on Share premium account and Revaluation reserve may not be distributed legally under Section 40 of the Companies Act 1980.

PENDLE TRAVEL SERVICES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1984

17. Capital commitments

Neither the group nor the company had any capital commitments at 30th September 1984 or 30th September 1983.

18. Contingent liabilities

There were no contingent liabilities at 30th September 1984 or 30th September 1983 except in respect of deferred taxation (see Note 14).

19. Transactions with officers (other than directors)

One of the company's managers has been extended bridging loan facilities for house purchase amounting to a total of £49,046. This was the amount outstanding at the year end and it is expected that the loan will be repaid within the next twelve months.

The above amount is included in Other debtors (see Note 9)