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COX & KINGS LIMITED

ACCOUNTS  
for the year ended  
31 DECEMBER 1985



Coopers  
& Lybrand

## COX & KINGS LIMITED

Report of the directors  
for the year ended 31 December 1985

1 The directors present herewith the audited accounts for the year ended 31 December 1985.

### Principal activities

2 The principal activity of the company is that of an investment holding company, co-ordinating the administration of, and providing management services to its subsidiary company.

### Review of business and future developments

3 As noted in the accounts for the year ended 31 December 1984, the group withdrew from the Business House sector of the travel market, when it disposed of its work in progress and current lists relating to these operations, on 1 July 1985.

4 On 1 August 1985, the company acquired all the remaining shares of Cox & Kings Special Interest Holidays Limited for a consideration of fl. With effect from 1 January 1986 the business operations of this company were assumed by Cox & Kings Travel Limited, a fellow subsidiary, and Cox & Kings Special Interest Holidays Limited became dormant.

5 As a result of the reorganisation in the group's affairs over the past year the directors believe that 1986 will show a significant improvement in profitability, resulting in increased financial stability and allowing expansion of the group's activities.

### Dividends

6 The directors do not propose a dividend.

### Fixed assets

7 The movements in fixed assets during the year are set out in notes 11 and 12 to these accounts.

### Directors

8 The directors of the company at 31 December 1985, all of whom have been directors for the whole of the year ended on that date, were:-

A B M Good (Chairman)  
S K Kandhari  
A B Kerkar

J M Atkins resigned as a director on 12 March 1985.



### Directors' interests in shares

9 The interests of the directors at 31 December 1985 in the shares of the company, according to the register required to be kept by section 325 of the Companies Act 1985, were as follows:-

	<u>31 December 1985</u>	<u>31 December 1984</u>
A B M Good		
Ordinary shares of £1 each: fully paid	186,125	136,125
with 25p paid	55,000	55,000
"A" ordinary shares of £1 each: fully paid	30,937	30,937
with 25p paid	12,500	12,500

No other director was interested at any time during the year in the share capital of the company nor was any director interested at any time during the year in the share capital of the subsidiary company.

### Close company provisions

10 As far as the directors are aware the close company provisions of the Income and Corporation Taxes Act 1970, as amended, apply to the company.

### Auditors

11 A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

*Mahesh Chandra*  
Secretary

26 JUNE 1986

Report of the auditors to the members of  
COX & KINGS LIMITED

We have audited the accounts on pages 4 to 17 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31 December 1985 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

*Copes & Hyland*

Chartered Accountants  
LONDON, 26 JUNE 1986

COX & KINGS LIMITED  
AND ITS SUBSIDIARY COMPANIES

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Consolidated profit and loss account  
for the year ended 31 December 1985

	<u>Notes</u>	<u>1985</u> £	<u>1984</u> £
Turnover	2	4,613,738	3,609,015
Cost of sales		(4,043,639)	(3,141,837)
Gross profit		570,099	467,178
Administrative expenses	3	(579,365)	(587,620)
Income from other fixed asset investments (unlisted)		7,275	6,572
Other interest receivable and similar income	6	12,776	7,963
Other interest payable and similar charges	7	(9,486)	(6,001)
Profit/(loss) on ordinary activities		1,299	(111,908)
Tax on profit on ordinary activities	8	(1,819)	(1,643)
Loss on ordinary activities after taxation		(520)	(113,551)
Extraordinary income	9	11,780	-
Retained profit/(loss) for the year		<u>£11,260</u>	<u>£(113,551)</u>

STATEMENT OF CONSOLIDATED ACCUMULATED LOSSES

Accumulated losses brought forward	(546,139)	(432,588)
Retained profit/(loss) for the year	<u>11,260</u>	<u>(113,551)</u>
Accumulated losses carried forward	<u>£(534,879)</u>	<u>£(546,139)</u>

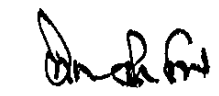
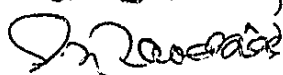
The notes on pages 8 to 17 form part of these accounts.

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COX & KINGS LIMITED  
AND ITS SUBSIDIARY COMPANIES

Consolidated balance sheet - 31 December 1985

	Notes	<u>1985</u>		<u>1984</u>	
		£	£	£	£
FIXED ASSETS					
Intangible assets	10		32,262	-	
Tangible assets	11		19,436	15,839	
Finance leases	12		26,138	16,805	
Other investments other than loans	14		<u>91,205</u>	<u>91,565</u>	
			169,041	124,209	
CURRENT ASSETS					
Debtors	15	386,772		594,037	
Cash at bank and in hand	16	<u>89,862</u>		<u>33,692</u>	
		476,634		627,729	
CREDITORS: amounts falling due within one year	17	<u>(616,288)</u>		<u>(844,585)</u>	
NET CURRENT LIABILITIES			(139,654)	(216,856)	
Total assets less current liabilities			29,387	(92,647)	
CREDITORS: amounts falling due after more than one year	18		<u>(23,483)</u>	<u>(12,709)</u>	
			<u>£5,904</u>	<u>£(105,356)</u>	
CAPITAL AND RESERVES					
Called up share capital	21		467,875	367,875	
Revaluation reserve	22		3,783	3,783	
Profit and loss account	23		<u>(534,879)</u>	<u>(546,139)</u>	
			(63,221)	(174,481)	
Subordinated loans	24		<u>69,125</u>	<u>69,125</u>	
			<u>£5,904</u>	<u>£(105,356)</u>	

 ) Directors  


The notes on pages 8 to 17 form part of these accounts

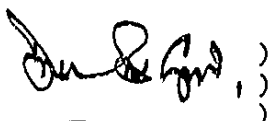
Auditors' report page 3.

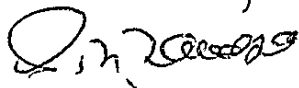
COX & KINGS LIMITED

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Balance sheet - 31 December 1985

	<u>Notes</u>	<u>1985</u>		<u>1984</u>	
		£	£	£	£
<b>FIXED ASSETS</b>					
Investments:					
Shares in group companies	13		362		1
Loan to group company	25		200,000		100,000
Other investments other than loans	14		91,205		91,565
			<u>291,567</u>		<u>191,566</u>
<b>CURRENT ASSETS</b>					
Debtors	15	7,274		6,572	
CREDITORS: amounts falling due within one year	17	(273,391)		(284,001)	
NET CURRENT LIABILITIES			(266,117)		(277,429)
			<u>£25,450</u>		<u>£(85,863)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		467,875		367,875
Revaluation reserve	22		3,783		3,783
Profit and loss account	23		(515,333)		(526,646)
			(43,675)		(154,988)
Subordinated loans	24		69,125		69,125
			<u>£25,450</u>		<u>£(85,863)</u>

 Directors



The notes on pages 8 to 17 form part of these accounts.

Auditors' report page 3.

COX & KINGS LIMITED  
AND ITS SUBSIDIARY COMPANIES

Consolidated statement of source and application of funds  
for the year ended 31 December 1985

	1985	1984
	£	£
<b>SOURCE OF FUNDS</b>		
Profit/(loss) before taxation	1,299	(111,908)
Extraordinary profit before taxation	11,780	-
Adjustments for items not involving the movement of funds:		
Depreciation and amortisation	14,433	15,226
Loss on sale of fixed assets*	1,467	965
Total from operations	28,979	(95,717)
Funds from other sources:		
Issue of share capital	100,000	-
Funds raised from finance lease	10,774	12,709
Sale proceeds of fixed assets	225	2,290
	139,978	(80,718)
<b>APPLICATION OF FUNDS</b>		
Overseas taxation	(1,819)	(1,643)
Purchase of fixed assets	(25,762)	(29,211)
Purchase of goodwill on acquisition of subsidiary*	(35,195)	-
	(62,776)	(30,854)
Increase/(Decrease) in working capital	£77,202	£(111,572)
Represented by:		
(Decrease)/increase in debtors*	(207,265)	7,852
Decrease in creditors, (excluding bank overdraft and taxation)*	104,721	91,616
Movement in net liquid funds:		
Bank and cash balances*	56,170	(87,464)
Bank overdraft	123,576	(123,576)
	179,746	(211,040)
	£77,202	£(111,572)

\* Summary of the effects of the acquisition of Cox & Kings Special Interest Holidays Limited

<u>Net assets acquired</u>	£
Goodwill	35,195
Bank & cash balances	6,955
Debtors	14,854
Creditors	(56,643)
Transferred from fixed asset investments	(360)
	£1
Cash paid	

Auditors' report page 3.



Notes to the accounts - 31 December 1985Principal accounting policies

1 A summary of the more important accounting policies of the company, which have been applied consistently, is set out below:-

(a) Basis of consolidation

The consolidated accounts include the company and its subsidiaries. As permitted by section 228 of the Companies Act 1985 the company has not presented a separate profit and loss account.

On 1 August 1985, the company acquired the remaining 82% of the share capital of Cox & Kings Special Interest Holidays Limited which had a 14 month accounting period to 31 December 1985. The results of this subsidiary have been consolidated from 1 August 1985.

(b) Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic life of the assets concerned. The principal annual rates used for this purpose are:-

	%
Plant and machinery	15
Motor vehicles	25
Fixtures and fittings	15
Computer equipment	33 1/3

(c) Goodwill

Goodwill arising on consolidation, being the excess of the purchase price over the value of the net assets of subsidiary companies at the date of acquisition, is amortised through the profit and loss account over its useful economic life.

(d) Deferred tax

Deferred tax is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise.

(e) Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

COX & KINGS LIMITEDNotes to the accounts - 31 December 1985 continued(f) Finance leases

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases') the assets are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases within creditors. Depreciation on leased assets is charged to the profit and loss account on the same basis as shown above. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account.

All other leases are 'operating leases' and the relevant annual rentals are charged wholly to the profit and loss account.

Turnover

2 Turnover, which all relates to the United Kingdom, represents trade sales at invoiced value, excluding VAT.

Administrative expenses

3 Administrative expenses for the year include the following charges:-

	<u>1985</u>	<u>1984</u>
	£	£
Auditors' remuneration	9,000	9,300
Hire of plant and machinery	16,448	24,232
Depreciation of tangible fixed assets	11,500	15,226
Directors' emoluments (see note 4)	-	-
Goodwill written off	<u>2,933</u>	<u>-</u>

Directors' emoluments

4(a) Particulars of directors' emoluments (excluding pension contributions), disclosed in accordance with Schedule 5, part V of the Companies Act 1985, are as follows:-

	<u>1985</u>	<u>1984</u>
	£Nil	£Nil
Emoluments of the chairman	<u>£Nil</u>	<u>£Nil</u>

Number of directors (including those above)  
whose emoluments were within the ranges:-

£0 to £5,000

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COX & KINGS LIMITEDNotes to the accounts - 31 December 1985 continued

- (b) During the year, a subsidiary made a loan to the following director of the company:-

	<u>Balance at</u>		<u>Maximum amount outstanding during the year</u>
	<u>1 January 1985</u>	<u>31 December 1985</u>	
	£	£	£
A B M Good	-	1,690	1,690

The loan was interest free with no fixed repayment date.

Employee information

- 5(a) The average number of persons employed by the company (including executive directors) during the year is analysed below:-

	<u>1985</u>	<u>1984</u>
Selling	20	16
Administration	<u>7</u>	<u>8</u>
	<u>27</u>	<u>24</u>

- (b) Employment costs of all employees included above:-

	<u>1985</u>	<u>1984</u>
	£	£
Gross wages and salaries	196,291	196,282
Employer's national insurance and state pension contributions	<u>21,128</u>	<u>20,857</u>
	<u>£217,419</u>	<u>£217,139</u>

Other interest receivable and similar income

<u>6</u>	<u>1985</u>	<u>1984</u>
	£	£
Bank interest	5,740	5,803
Rent receivable	<u>7,036</u>	<u>2,160</u>
	<u>£12,776</u>	<u>£7,963</u>

COX & KINGS LIMITEDNotes to the accounts - 31 December 1985 continuedOther interest payable and similar charges

7	<u>1985</u>	<u>1984</u>
	£	£
Bank interest and charges	6,460	5,238
Finance leases	<u>3,026</u>	<u>763</u>
	<u>£9,486</u>	<u>£6,001</u>

Tax on profit on ordinary activities

8 The tax charge is based on the profit on ordinary activities for the year and comprises:-

	<u>1985</u>	<u>1984</u>
	£	£
United Kingdom corporation tax	-	-
Overseas tax - current year	<u>1,819</u>	<u>1,643</u>
Total	<u>£1,819</u>	<u>£1,643</u>

Extraordinary income

9 On 1 July 1985 Cox & Kings Travel Limited disposed of the work in progress and current lists relating to its operations in the Business House sector of the travel market for a consideration of £55,000.

	£
Profit on disposal	11,780
Less: Tax thereon	<u>-</u>
	<u>£11,780</u>

Intangible fixed assets

10	<u>Purchased goodwill</u>
	£
Expenditure in 1985	35,195
Amortisation in year	<u>(2,933)</u>
Net book value at 31 December 1985	<u>£32,262</u>

The purchased goodwill arose upon the purchase of the remaining shares of Cox & Kings Special Interest Holidays Limited on 1 August 1985. In the opinion of the directors the goodwill has a useful economic life of five years, and accordingly is being written off over that period.

## COX &amp; KINGS LIMITED

## Notes to the accounts - 31 December 1985 continued

Tangible fixed assets

11	Leasehold land and buildings <u>Short leases</u>	Plant and machinery	Motor vehicles	Fixtures and fittings	Computer	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 January 1985	5,855	6,399	4,880	47,727	15,175	80,036
Expenditure	-	1,117	-	1,936	6,508	9,561
Disposals	(5,855)	(1,853)	(285)	(9,557)	(409)	(17,959)
At 31 December 1985	-	5,663	4,595	40,106	21,274	71,638
Depreciation						
At 1 January 1985	5,855	4,423	981	45,985	6,953	64,197
Charge for year	-	616	1,149	1,177	1,691	4,633
Disposals	(5,855)	(1,545)	(24)	(8,934)	(270)	(16,628)
At 31 December 1985	-	3,494	2,106	38,228	8,374	52,202
Net book value at 31 December 1985	£-	£2,169	£2,489	£1,878	£12,900	£19,436
Net book value at 31 December 1984	£-	£1,976	£3,899	£1,742	£8,222	£15,839

Finance leases

12	Plant and machinery	Computer	Total
	£	£	£
Cost or valuation			
At 1 January 1985	18,167	-	18,167
Expenditure	-	16,200	16,200
At 31 December 1985	18,167	16,200	34,367
Depreciation			
At 1 January 1985	1,362	-	1,362
Charge for year	2,725	4,142	6,867
At 31 December 1985	4,087	4,142	8,229
Net book value at 31 December 1985	£14,080	£12,058	£26,138
Net book value at 31 December 1984	£16,805	£-	£16,805

Notes to the accounts - 31 December 1985 continuedGroup companies

13(a) The investment in subsidiaries is made up as follows:

Cost:	£
At 1 January 1985	
Acquisition of Cox & Kings Special Interest holidays Limited	139,000
	361
At 31 December 1985	<u>£139,361</u>
Provision for diminution in value:	
At 1 January 1985 and 31 December 1985	<u>138,999</u>
Net book value:	
At 31 December 1985	<u>£362</u>
At 31 December 1984	<u>£1</u>

(b) The details of the investment in subsidiaries are as follows:

<u>Name of company and country of incorporation</u>	<u>Description of shares held</u>	<u>Proportion of nominal value of issued shares</u>	<u>Nature of business</u>
Cox & Kings Travel Limited (UK)	Ordinary £1 shares	100%	Travel agents
Cox & King Special Interest Holidays Limited (UK)	Ordinary £1 shares	100%	Travel agents

Other investments other than loans

14(a) Other investments other than loans is made up as follows:

Cost or valuation	£
At 1 January 1985	91,565
Purchase of remaining Cox & Kings Special Interest Holidays Limited shares	1
Transfer to investment in subsidiaries	<u>(361)</u>
	<u>£91,205</u>

Other investments include an investment in Cox & Kings (India) Limited which is stated at directors valuation. The investment was revalued by the directors in 1981 from a cost of £56,217 to £60,000. The cost of the investment was further increased in 1983 by a capitalisation of £30,116, being amounts due from Cox & Kings (India) Limited. Other investments are stated at cost.

COX & KINGS LIMITEDNotes to the accounts - 31 December 1985 continued

- (b) Details of those companies in which the company held more than a 10 per cent interest are set out below:

<u>Name of company and country of incorporation</u>	<u>Description of shares held</u>	<u>Proportion of nominal value of shares</u> %	<u>Nature of business</u>
Cox & Kings (India) Limited (India)	Ordinary shares	40	Travel agents
Cox & Kings (Ceylon) Limited (Sri Lanka)	Ordinary shares	40.9	Travel agents

The aggregate capital and reserves of Cox & Kings (India) Limited at 30 September 1985 was Rs 3,254,770, and the profit after tax for the year then ended was Rs 377,760. The aggregate capital and reserves of Cox & Kings (Ceylon) Limited at 31 March 1985 was Rs 342,777, and the profit after tax for the year then ended was Rs 93,598.

The companies have not been treated as related companies, because in the opinion of the directors, the company is not in a position to exercise significant influence over them. In the opinion of the directors the value of the interest in each of the above companies is not less than the amount at which that interest is stated in the balance sheet.

Debtors

15	1985		1984	
	<u>The company</u>	<u>The group</u>	<u>The company</u>	<u>The group</u>
	£	£	£	£
Trade debtors	-	209,334	-	418,833
Other debtors	7,274	94,872	6,572	105,017
Prepayments and accrued income	-	82,566	-	70,187
	<u>£7,274</u>	<u>£386,772</u>	<u>£6,572</u>	<u>£594,037</u>

Cash at bank and in hand

- 16 Included in cash at bank is a £25,000 deposit by the subsidiary which is held by the bank as security for a bond to the Association of British Travel Agents (ABTA). The deposit is at normal rates of interest and is not repayable until 1 month after the balance sheet date.

Notes to the accounts - 31 December 1985 continuedCreditors: amounts falling due within one year

17	1985		1984	
	The	The	The	The
	company	group	company	group
	£	£	£	£
Bank overdraft (see (a) below)	-	-	-	123,576
Trade creditors	-	367,626	-	512,148
Amounts owed to group companies:				
Subsidiaries	269,572	-	280,358	-
Other creditors	-	135,477	-	55,076
Taxation and social security	1,819	7,947	1,643	17,055
Accruals and deferred income	2,000	99,992	2,000	133,099
Capital lease obligations (see note 19)	-	5,246	-	3,631
	<u>£273,391</u>	<u>£616,288</u>	<u>£284,001</u>	<u>£844,585</u>

(a) The bank overdraft is secured by a fixed and floating charge over all the assets of Cox & Kings Travel Limited, and is guaranteed by the Company.

Creditors: amounts falling due after more than one year

18	1985		1984	
	The	The	The	The
	company	group	company	group
	£-	£23,483	£-	£12,709
Capital lease obligations	<u>£-</u>	<u>£23,483</u>	<u>£-</u>	<u>£12,709</u>

Minimum future lease payments

19 The minimum future lease payments to which the group is committed at 31 December 1985 under finance leases are as follows:-

Year ending 31 December	£
1986	11,872
1987 - 1990	<u>34,698</u>
	46,570
Less: Finance charges allocated to future periods	<u>(17,841)</u>
	<u>£28,729</u>



Notes to the accounts - 31 December 1985 continuedProvisions for liabilities and charges

20 No provision for deferred taxation has been made in the 1985 accounts since there are no timing differences on which deferred taxation would be provided.

Called up share capital

21	<u>1985</u>		<u>1984</u>
	<u>Number</u>	<u>£</u>	<u>£</u>
Authorised:			
Ordinary shares of £1 each	499,625	499,625	399,625
'A' ordinary shares of £1 each	86,875	86,875	86,875
8% preference shares of £1 each	13,500	13,500	13,500
	<u>600,000</u>	<u>£600,000</u>	<u>£500,000</u>
Allotted and called up:			
Ordinary shares of £1 each			
Fully paid	372,250	372,250	272,250
25p paid	110,000	27,500	27,500
'A' ordinary shares of £1 each			
Fully paid	61,875	61,875	61,875
25p paid	25,000	6,250	6,250
	<u>469,125</u>	<u>£467,875</u>	<u>£367,875</u>

During the year the company increased its authorised share capital by £100,000 and issued 100,000 ordinary shares of £1 each, fully paid, in order to raise additional finance.

Revaluation reserve

22	<u>Cox &amp; Kings Limited</u>	<u>Subsidiaries</u>	<u>Total</u>
		<u>£</u>	<u>£</u>
At 1 January 1985	£3,783	-	£3,783
and 31 December 1985	<u>£3,783</u>	<u>-</u>	<u>£3,783</u>

Profit and loss account

23	<u>Cox &amp; Kings Limited</u>	<u>Subsidiaries</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
At 1 January 1985	(526,646)	(19,493)	(546,139)
Retained profit/(losses) for the year	11,313	(53)	11,260
At 31 December 1985	<u>£(515,333)</u>	<u>£(19,546)</u>	<u>£(534,879)</u>

COX & KINGS LIMITEDNotes to the accounts - 31 December 1985 continuedSubordinated loans

24	<u>1985</u>	<u>1984</u>
	£	£
From a shareholder	55,000	55,000
From a director	<u>14,125</u>	<u>14,125</u>
	<u>£69,125</u>	<u>£69,125</u>

The loans from a director and shareholder are interest free and repayment will not be made until all the liabilities of Cox & Kings Travel Limited owing or incurred to third parties in pursuance of its business as a travel organiser have been satisfied.

Loan to group company

25 The loan to Cox & Kings Travel Limited earns interest at a rate related to Lloyds base rate. On the 22 September 1982, at the request of the Civil Aviation Authority, Cox & Kings Limited gave an undertaking not to accept repayment of the initial loan of £100,000 until all the liabilities of Cox & Kings Travel Limited owing or incurred to third parties in pursuance of its business as an air travel organiser have been satisfied. On 15 August 1985, a further loan of £100,000 was made to Cox & Kings Travel Limited and an identical undertaking was signed.