

**Newmarket Air Holidays Limited**  
**Financial Statements**  
**For the year ended**  
**31 December 2005**

**Company Registration Number 2238316**



# **Newmarket Air Holidays Limited**

## **Financial Statements**

**Year ended 31 December 2005**

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<b>Contents</b>	<b>Pages</b>
Company Information	<b>1</b>
The Directors' Report	<b>2 to 3</b>
Independent Auditor's Report to the Shareholders	<b>4 to 5</b>
Profit and Loss Account	<b>6</b>
Statement of Total Recognised Gains and Losses	<b>7</b>
Balance Sheet	<b>8</b>
Notes to the Financial Statements	<b>9 to 14</b>

# **Newmarket Air Holidays Limited**

## **Company Information**

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### **The Board of Directors**

T P Frei Esq  
J C Griffin Esq  
S C Hibbs Esq

### **Company Secretary**

S C Hibbs

### **Registered Office**

McMillan House  
54/56 Cheam Common Road  
Worcester Park  
KT4 8RQ

### **Auditor**

Landau Morley  
Chartered Accountants  
& Registered Auditors  
Lanmor House  
370/386 High Road  
Wembley  
Middlesex  
HA9 6AX

# **Newmarket Air Holidays Limited**

## **The Directors' Report**

**Year ended 31 December 2005**

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The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2005.

### **Principal Activities and Business Review**

The principal activity of the company during the year was that of holiday tour operators.

In the years immediately ahead the directors believe that there is considerable scope for further development of the existing activities of the company. There are no current plans for diversification of activities or major organisational change.

### **Results and Dividends**

The profit for the year, after taxation, amounted to £637,939. Particulars of dividends paid are detailed in note 7 to the financial statements.

### **The Directors and their Interests in the Shares of the Parent Company**

The directors who served the company during the year together with their beneficial interests in the shares of the parent company were as follows:

	<b>Ordinary shares of £1 each in the parent company</b>	
	<b>At 31 December 2005</b>	<b>At 1 January 2005</b>
T P Frei Esq	20,000	20,000
J C Griffin Esq	20,000	20,000
S C Hibbs Esq	<u>10,000</u>	<u>10,000</u>

### **Directors' Responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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, as described on pages 9 to 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

# **Newmarket Air Holidays Limited**

## **The Directors' Report** *(continued)*

**Year ended 31 December 2005**

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### **Auditor**

A resolution to re-appoint Landau Morley as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



S C Hibbs  
Company Secretary

Approved by the directors on 10 MAY 2006

# **Newmarket Air Holidays Limited**

## **Independent Auditor's Report to the Shareholders of Newmarket Air Holidays Limited**

**Year ended 31 December 2005**

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We have audited the financial statements of Newmarket Air Holidays Limited for the year ended 31 December 2005 on pages 6 to 14 which have been prepared on the basis of the accounting policies set out on pages 9 to 10.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Directors and Auditor**

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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

# **Newmarket Air Holidays Limited**

## **Independent Auditor's Report to the Shareholders of Newmarket Air Holidays Limited (continued)**

**Year ended 31 December 2005**

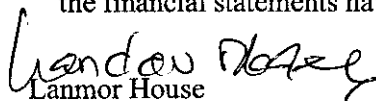
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### **Opinion**

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and

the financial statements have been properly prepared in accordance with the Companies Act 1985.

  
Landau Morley

Lanmor House  
370/386 High Road  
Wembley  
Middlesex  
HA9 6AX

LANDAU MORLEY  
Chartered Accountants  
& Registered Auditors

11 MAY 2006

# Newmarket Air Holidays Limited

## Profit and Loss Account

Year ended 31 December 2005

		2005	2004 (restated)
	Note	£	£
Turnover	2	22,210,772	14,446,157
Cost of sales		20,706,514	13,481,430
Gross Profit		1,504,258	964,727
Administrative expenses		1,623,961	979,962
Operating Loss	3	(119,703)	(15,235)
Income from shares in group undertakings	5	560,000	328,000
Interest receivable		215,942	152,644
Profit on Ordinary Activities Before Taxation		656,239	465,409
Tax on profit on ordinary activities	6	18,300	31,250
Retained Profit for the Financial Year		637,939	434,159

All of the activities of the company are classed as continuing.

The notes on pages 9 to 14 form part of these financial statements.



# **Newmarket Air Holidays Limited**

## **Statement of Total Recognised Gains and Losses**

**Year ended 31 December 2005**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>(restated)</b>
		<b>£</b>
Profit for the financial year attributable to the shareholders	637,939	434,159
Total recognised gains and losses relating to the year	<u>637,939</u>	<u>434,159</u>
Prior year adjustment (see note 8)	<u>(80,000)</u>	<u>(128,000)</u>
Total gains and losses recognised since the last annual report	<u>557,939</u>	<u>306,159</u>

**The notes on pages 9 to 14 form part of these financial statements.**


# Newmarket Air Holidays Limited

## Balance Sheet

31 December 2005

		2005		2004 (restated)	
	Note	£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	9		4,043		4,776
Investments	10		2,000		2,000
			<u>6,043</u>		<u>6,776</u>
<b>Current Assets</b>					
Debtors	11	906,085		239,004	
Cash at bank		<u>4,061,396</u>		<u>3,317,719</u>	
		4,967,481		3,556,723	
<b>Creditors: Amounts Falling due Within One Year</b>	12	<u>3,638,648</u>		<u>2,616,562</u>	
<b>Net Current Assets</b>			<u>1,328,833</u>		<u>940,161</u>
<b>Total Assets Less Current Liabilities</b>			<u>1,334,876</u>		<u>946,937</u>
<b>Capital and Reserves</b>					
Called-up equity share capital	14		50,000		50,000
Profit and loss account	15		<u>1,284,876</u>		<u>896,937</u>
<b>Shareholders' Funds</b>	16		<u>1,334,876</u>		<u>946,937</u>

These financial statements were approved by the directors on the 10 MAY 2006 and are signed on their behalf by:

  
S C Hibbs Esq  
Director

The notes on pages 9 to 14 form part of these financial statements.

# **Newmarket Air Holidays Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2005**

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### **1. Accounting Policies**

#### **Basis of Accounting**

The financial statements have been prepared under the historical cost convention.

#### **Changes in Accounting Policies**

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards:

-FRS 21 'Events after the Balance Sheet date (IAS 10)'; and

-the presentation requirements of 'FRS 25 'Financial Instruments: Disclosure and Presentation (IAS 32)''.

The adoption of FRS 21 and FRS 25 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

#### **Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

#### **Cash Flow Statement**

Exemption has been taken from preparing a cash flow statement on the grounds that the information is contained in the consolidated group financial statements of Newmarket Promotions Limited.

#### **Turnover**

Turnover represents net receipts during the year of sales of holidays and excursions. Full provision for receipts in respect of holidays and excursions departing after the Balance Sheet date is included in the Cost of Sales and the Balance Sheet.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 15% on reducing balance
Motor Vehicles	- 25% on reducing balance

# Newmarket Air Holidays Limited

## Notes to the Financial Statements

Year ended 31 December 2005

### 1. Accounting Policies *(continued)*

#### Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### 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 of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### 2. Turnover

The turnover and profit before tax were derived from the company's principal activity which was carried out wholly in the United Kingdom.

### 3. Operating Loss

Operating loss is stated after charging:

	2005	2004 (restated)
	£	£
Depreciation of owned fixed assets	733	867
Auditor's remuneration		
- as auditor	7,300	6,400
Net loss on foreign currency translation	6,686	2,960

### 4. Particulars of Employees

No salaries or wages have been paid to employees, including the directors, during the year.

### 5. Income From Shares in Group Undertakings

	2005	2004 (restated)
	£	£
Income - Shares in group undertakings	560,000	328,000

# Newmarket Air Holidays Limited

## Notes to the Financial Statements

Year ended 31 December 2005

### 6. Taxation on Ordinary Activities

#### (a) Analysis of charge in the year

	2005	2004 (restated)
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2004 - 30%)	18,300	31,250
Total current tax	<u>18,300</u>	<u>31,250</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2004 - 30%).

	2005	2004 (restated)
	£	£
Profit on ordinary activities before taxation	<u>656,239</u>	<u>465,409</u>
Profit/(loss) on ordinary activities by rate of tax	124,685	139,623
Capital allowances for period in excess of depreciation	15	(23)
Marginal rate relief	-	(9,950)
Dividends received	(106,400)	(98,400)
Total current tax (note 6(a))	<u>18,300</u>	<u>31,250</u>

### 7. Dividends

#### Dividends on equity shares

	2005	2004 (restated)
	£	£
Paid during the year:		
Equity dividends on ordinary shares	<u>250,000</u>	<u>200,000</u>
	<u>250,000</u>	<u>200,000</u>
Proposed after the year-end (not recognised as a liability):		
Equity dividends on ordinary shares	<u>-</u>	<u>250,000</u>

### 8. Prior Year Adjustment

The change in accounting policy (as described in note 1) has resulted in a prior year adjustment for the company. Shareholder's funds at 1 January 2004 have been decreased by £128,000. For the year ended 31 December 2004, the change in accounting policy has resulted in a net increase in retained profit for the year of £248,000. The balance sheet at 31 December 2004 has been restated to reflect the de-recognition of a liability for proposed equity dividends of £250,000 and the de-recognition of an asset for dividends receivable of £330,000.

# Newmarket Air Holidays Limited

## Notes to the Financial Statements

Year ended 31 December 2005

### 9. Tangible Fixed Assets

	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>Cost</b>			
At 1 January 2005 and 31 December 2005	<u>44,920</u>	<u>694</u>	<u>45,614</u>
<b>Depreciation</b>			
At 1 January 2005	40,302	536	40,838
Charge for the year	<u>693</u>	<u>40</u>	<u>733</u>
At 31 December 2005	<u>40,995</u>	<u>576</u>	<u>41,571</u>
<b>Net Book Value</b>			
At 31 December 2005	<u>3,925</u>	<u>118</u>	<u>4,043</u>
At 31 December 2004	<u>4,618</u>	<u>158</u>	<u>4,776</u>

### 10. Investments

	Shares in Group Undertakings £
<b>Cost</b>	
At 1 January 2005 and 31 December 2005	<u>2,000</u>
<b>Net Book Value</b>	
At 31 December 2005	<u>2,000</u>
At 31 December 2004	<u>2,000</u>

The company owns 100% of the issued share capital of Newmarket Transport Limited.

The principal activity of Newmarket Transport Limited was that of the provision of transport to tour operators.

### 11. Debtors

	2005 £	2004 (restated) £
Trade debtors	151,213	97,731
Amounts owed by group undertakings	312,042	—
Other debtors	<u>442,830</u>	<u>141,273</u>
	<u>906,085</u>	<u>239,004</u>

Debtors includes amounts owed from group undertakings as follows:

Newmarket Transport Limited (Group company)	<u>312,042</u>	<u>—</u>
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# Newmarket Air Holidays Limited

## Notes to the Financial Statements

Year ended 31 December 2005

### 12. Creditors: Amounts Falling due Within One Year

	2005	2004 (restated)
	£	£
Trade creditors	1,291,831	905,569
Provision for customer deposits	2,087,624	1,428,184
Amounts owed to group undertakings	226,315	197,308
Corporation tax	18,306	31,250
Other taxation	—	36,749
Other creditors	14,572	17,502
	<u>3,638,648</u>	<u>2,616,562</u>

Creditors includes amounts owed to group undertakings as follows:

Newmarket Promotions Limited (Group company)	226,315	136,245
Newmarket Transport Limited (Group company)	—	<u>61,063</u>

### 13. Related Party Disclosures

Newmarket Promotions Limited and hence Newmarket Air Holidays Limited is ultimately controlled by the directors common to both companies: Mr T P Frei, Mr J C Griffin and Mr S C Hibbs.

### 14. Share Capital

#### Authorised share capital:

	2005	2004 (restated)
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

#### Allotted, called up and fully paid:

	2005		2004	
	No.	£	No.	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
<b>Equity shares</b>				
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

### 15. Profit and Loss Account

	2005	2004 (restated)
	£	£
Original balance brought forward	976,937	790,778
Prior year adjustment (note 8)	(80,000)	(128,000)
Restated balance brought forward	896,937	662,778
Retained profit for the financial year	637,939	434,159
Equity dividends paid (FRS 25)	(250,000)	(200,000)
Balance carried forward	<u>1,284,876</u>	<u>896,937</u>

# Newmarket Air Holidays Limited

## Notes to the Financial Statements

Year ended 31 December 2005

### 16. Reconciliation of Movements in Shareholders' Funds

	2005		2004 (restated)	
	£	£	£	£
Profit for the financial year		637,939		434,159
Equity dividends paid (FRS 25)		(250,000)		(200,000)
Net addition to shareholders' funds		<u>387,939</u>		<u>234,159</u>
Opening shareholders' funds	1,026,937		840,778	
Prior year adjustment (see note 8)	<u>(80,000)</u>		<u>(128,000)</u>	
		946,937		712,778
Closing shareholders' funds		<u>1,334,876</u>		<u>946,937</u>

### 17. Ultimate Parent Company

Newmarket Air Holidays Limited is a wholly owned subsidiary of Newmarket Promotions Limited. Both companies are incorporated in the United Kingdom. Newmarket Promotions Limited prepares consolidated accounts which includes the results of the company.