

REGISTERED NUMBER: 2238316 (England and Wales)

**Report of the Directors and
Financial Statements
for the Year Ended 31 December 2002
for
Newmarket Air Holidays Limited**



Newmarket Air Holidays Limited

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for the Year Ended 31 December 2002**

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Newmarket Air Holidays Limited

**Company Information
for the Year Ended 31 December 2002**

DIRECTORS:

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

SECRETARY:

S C Hibbs

REGISTERED OFFICE:

McMillan House
54/56 Cheam Common Road
WORCESTER PARK
KT4 8RQ

REGISTERED NUMBER:

2238316 (England and Wales)

AUDITORS:

Landau Morley
Lanmor House
370/386 High Road
WEMBLEY
HA9 6AX

Newmarket Air Holidays Limited

**Report of the Directors
for the Year Ended 31 December 2002**

The directors present their report with the financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of holiday tour operators.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No interim dividend was paid during the year. The directors recommend a final dividend of £5.60 per share.

The total distribution of dividends for the year ended 31 December 2002 will be £280,000.

DIRECTORS

The directors during the year under review were:

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

The beneficial interests of the directors holding office on 31 December 2002 in the issued share capital of the company were as follows:

	31.12.02	1.1.02
Ordinary £1 shares		
T P Frei Esq	1	1
J C Griffin Esq	-	-
S C Hibbs Esq	-	-

STATEMENT OF 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 period. In preparing those financial statements, the directors are required to

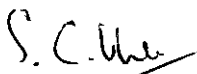
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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.

AUDITORS

The auditors, Landau Morley, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
S C Hibbs - SECRETARY

Dated: 15/5/03

Newmarket Air Holidays Limited

**Report of the Independent Auditors to the Shareholders of
Newmarket Air Holidays Limited**

We have audited the financial statements of Newmarket Air Holidays Limited for the year ended 31 December 2002 on pages four to nine. These financial statements have been prepared under the historical cost convention and 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 on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom 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 Report of the Directors 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 the company is not disclosed.

We read the Report of the Directors 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 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 as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Landau Morley
Lanmor House
370/386 High Road
WEMBLEY
HA9 6AX

Dated: 15 May 2003

Newmarket Air Holidays Limited

**Profit and Loss Account
for the Year Ended 31 December 2002**

		<u>2002</u>		<u>2001</u>	
	Notes	£	£	£	£
TURNOVER			9,630,535		8,600,383
Cost of sales			<u>9,031,838</u>		<u>7,828,382</u>
GROSS PROFIT			598,697		772,001
Administrative expenses			<u>580,121</u>		<u>630,156</u>
OPERATING PROFIT	2		18,576		141,845
Income from investments		275,000		250,000	
Interest receivable and similar income	3	<u>77,774</u>	<u>352,774</u>	<u>127,388</u>	<u>377,388</u>
			371,350		519,233
Interest payable and similar charges	4		<u>23</u>		<u>3</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			371,327		519,230
Tax on profit on ordinary activities	5		<u>18,470</u>		<u>75,209</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			352,857		444,021
Dividends	6		<u>280,000</u>		<u>300,000</u>
			72,857		144,021
Retained profit brought forward			<u>656,859</u>		<u>512,838</u>
RETAINED PROFIT CARRIED FORWARD			<u>£729,716</u>		<u>£656,859</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

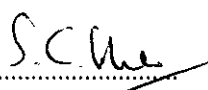
The company has no recognised gains or losses other than the profits for the current and previous years.

Newmarket Air Holidays Limited

**Balance Sheet
31 December 2002**

		<u>2002</u>		<u>2001</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		6,672		7,894
Investments	8		<u>2,000</u>		<u>2,000</u>
			8,672		9,894
CURRENT ASSETS:					
Debtors	9	818,706		388,573	
Cash at bank		<u>2,509,390</u>		<u>2,079,830</u>	
		3,328,096		2,468,403	
CREDITORS: Amounts falling due within one year	10	<u>2,557,052</u>		<u>1,771,438</u>	
NET CURRENT ASSETS:			<u>771,044</u>		<u>696,965</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u><u>£779,716</u></u>		<u><u>£706,859</u></u>
CAPITAL AND RESERVES:					
Called up Share Capital	11		50,000		50,000
Profit & Loss Account			<u>729,716</u>		<u>656,859</u>
SHAREHOLDERS' FUNDS:	14		<u><u>£779,716</u></u>		<u><u>£706,859</u></u>

ON BEHALF OF THE BOARD:



 S C Hibbs Esq - DIRECTOR

Approved by the Board on 15/5/03

The notes form part of these financial statements

Newmarket Air Holidays Limited

Notes to the Financial Statements for the Year Ended 31 December 2002

1. ACCOUNTING POLICIES

Accounting convention

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

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.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and Equipment	- 15% on reducing balance
Motor Vehicles	- 25% on reducing balance

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at rates ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling when the transaction takes place. Realised exchange differences are taken to the profit and loss account.

Financial Reporting Standard Number 1

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.

2. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2002	2001
	£	£
Depreciation - owned assets	1,222	1,452
Auditors' remuneration	5,950	5,860
Foreign exchange differences	<u>(22,830)</u>	<u>15,743</u>
Directors' emoluments	<u>-</u>	<u>-</u>

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002	2001
	£	£
Bank deposit interest	<u>77,774</u>	<u>127,388</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Bank Interest	<u>23</u>	<u>3</u>

Newmarket Air Holidays Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2002**

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2002	2001
	£	£
Current tax:		
UK corporation tax	18,470	74,794
Under/(over) provision in prior year	<u>-</u>	<u>415</u>
Total current tax	<u>18,470</u>	<u>75,209</u>
 Tax on profit on ordinary activities	 <u>18,470</u>	 <u>75,209</u>

UK corporation tax has been charged at 20% (2001 - 27.85%).

6. DIVIDENDS

	2002	2001
	£	£
Equity shares:		
Final	<u>280,000</u>	<u>300,000</u>

7. TANGIBLE FIXED ASSETS

	<u>Fixtures and Equipment</u>	<u>Motor Vehicles</u>	<u>Totals</u>
	£	£	£
COST:			
At 1 January 2002			
and 31 December 2002	<u>44,920</u>	<u>694</u>	<u>45,614</u>
 DEPRECIATION:			
At 1 January 2002	37,400	320	37,720
Charge for year	<u>1,128</u>	<u>94</u>	<u>1,222</u>
At 31 December 2002	<u>38,528</u>	<u>414</u>	<u>38,942</u>
 NET BOOK VALUE:			
At 31 December 2002	<u>6,392</u>	<u>280</u>	<u>6,672</u>
At 31 December 2001	<u>7,520</u>	<u>374</u>	<u>7,894</u>

Newmarket Air Holidays Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2002**

8. FIXED ASSET INVESTMENTS

	£	
COST:		
At 1 January 2002		
and 31 December 2002		<u>2,000</u>
NET BOOK VALUE:		
At 31 December 2002		<u>2,000</u>
At 31 December 2001		<u>2,000</u>
	2002	2001
	£	£
Unlisted investments	<u>2,000</u>	<u>2,000</u>

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Newmarket Transport Ltd

Nature of business: provision of transport to tour operators

Class of shares:	%
Ordinary	holding 100.00

	2002	2001
	£	£
Aggregate capital and reserves	50,412	46,453
Profit for the year	<u>278,959</u>	<u>256,065</u>

**9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2002	2001
	£	£
V.A.T.	3,247	20,230
Trade Debtors	3,525	501
Amount due from subsidiary undertaking (Dividend Receivable)	275,000	250,000
Other Debtors & Prepayments	140,886	117,842
Amount due from subsidiary undertaking	<u>396,048</u>	<u>-</u>
	<u>818,706</u>	<u>388,573</u>

Newmarket Air Holidays Limited

Notes to the Financial Statements for the Year Ended 31 December 2002

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Trade Creditors	361,771	218,564
Other Creditors	11,646	10,443
Amount due to parent undertaking	1,003,377	138,245
Amount due to subsidiary undertaking	-	697,715
Provision for customer deposits	881,788	331,677
Dividend proposed	280,000	300,000
Taxation	18,470	74,794
	<u>2,557,052</u>	<u>1,771,438</u>

11. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2002	2001
			£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

12. ULTIMATE PARENT COMPANY

Newmarket Air Holidays Limited is a wholly owned subsidiary of Newmarket Promotions Limited. Both companies are incorporated in the United Kingdom.

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. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	352,857	444,021
Dividends	<u>(280,000)</u>	<u>(300,000)</u>
Net addition to shareholders' funds	72,857	144,021
Opening shareholders' funds	<u>706,859</u>	<u>562,838</u>
Closing shareholders' funds	<u>779,716</u>	<u>706,859</u>
Equity interests	<u>779,716</u>	<u>706,859</u>