

COMPANY REGISTRATION NUMBER 955262

BAY TRAVEL LIMITED
FINANCIAL STATEMENTS
FOR
31ST MARCH 2008

WALTER HUNTER & CO LIMITED
Chartered Accountants & Registered Auditors
24 Bridge Street
Newport
NP20 4SF

BAY TRAVEL LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2008

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BAY TRAVEL LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31ST MARCH 2008

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity during the year was that of worldwide travel agents.

	2008	2007
Turnover	1,666,660	1,181,583
Profit on ordinary activities before taxation	62,035	75,621
Gross profit margin	7.36	11.04
Current ratio	3.11	2.17
Total liabilities/shareholders' funds	0.47	0.86

The company has increased its turnover. However, the cost of sales of the company has also increased resulting a slight fall in profit. The company continues to make a sufficient profit and the results are in line with management expectation.

RESULTS AND DIVIDENDS

The profit for the year amounted to £62,035. The directors have not recommended a dividend.

FINANCIAL INSTRUMENTS

Details of the company's financial risk management objectives and policies are included in note 10 to the accounts.

DIRECTORS

The directors who served the company during the year were as follows:

Mrs S.A. Bailey
Charles H. Bailey
Miss G. Bailey
F. Galea
B.J. Warren

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

No director had any interest in the equity share capital of the company. The group directors' interests in the ordinary 10p shares of C.H. Bailey Plc, the ultimate parent undertaking, are disclosed in the parent company's accounts. None of the directors had a material interest in any contract to which the company or any other member of the C.H. Bailey Group was a party during the financial year.

BAY TRAVEL LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST MARCH 2008

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

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

BAY TRAVEL LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31ST MARCH 2008

Registered office:
Alexandra Docks
Newport
Gwent
NP20 2NP

Signed by order of the directors

B.J. WARREN
Company Secretary

Approved by the directors on 19th September 2008

BAY TRAVEL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BAY TRAVEL LIMITED

YEAR ENDED 31ST MARCH 2008

We have audited the financial statements of Bay Travel Limited for the year ended 31st March 2008, which have been prepared on the basis of the accounting policies set out on pages 8 to 10.

This report is made solely to the company's shareholder, 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 shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

BAY TRAVEL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BAY TRAVEL LIMITED *(continued)*

YEAR ENDED 31ST MARCH 2008

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 31st March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

24 Bridge Street
Newport
NP20 4SF

WALTER HUNTER & CO LIMITED
Chartered Accountants
& Registered Auditors

19th September 2008

BAY TRAVEL LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST MARCH 2008

	Note	2008 £	2007 £
TURNOVER	2	1,666,660	1,181,583
Cost of sales		<u>1,544,054</u>	<u>1,051,112</u>
GROSS PROFIT		122,606	130,471
Administrative expenses		58,192	67,144
Other operating income		—	(13,500)
OPERATING PROFIT	3	64,414	76,827
Interest receivable		328	393
Interest payable and similar charges	6	(2,707)	(1,599)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		62,035	75,621
Tax on profit on ordinary activities		—	—
PROFIT FOR THE FINANCIAL YEAR		62,035	75,621
Balance brought forward		<u>121,163</u>	<u>45,542</u>
Balance carried forward		<u>183,198</u>	<u>121,163</u>

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

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 15 form part of these financial statements.

BAY TRAVEL LIMITED

BALANCE SHEET

31ST MARCH 2008

	Note	2008 £	£	2007 £	£
CURRENT ASSETS					
Debtors	7	321,030		262,148	
CREDITORS: Amounts falling due within one year	8	<u>117,832</u>		<u>120,985</u>	
NET CURRENT ASSETS			203,198		141,163
TOTAL ASSETS LESS CURRENT LIABILITIES			203,198		<u>141,163</u>
CAPITAL AND RESERVES					
Called-up equity share capital	14		19,000		19,000
Other reserves	15		1,000		1,000
Profit and loss account			<u>183,198</u>		<u>121,163</u>
SHAREHOLDER'S FUNDS	16		203,198		<u>141,163</u>

These financial statements were approved by the directors and authorised for issue on 19th September 2008, and are signed on their behalf by:

B.J. WARREN

The notes on pages 8 to 15 form part of these financial statements.

BAY TRAVEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments and in accordance with applicable accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year by reference to the stage of completion including estimates for amounts not invoiced.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Provisions for liabilities and charges

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted.

BAY TRAVEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2008

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 exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account. Exchange differences arising on non-monetary items, carried at fair value, are included in the profit and loss account, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

BAY TRAVEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2008

1. ACCOUNTING POLICIES *(continued)*

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.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less appropriate allowances for doubtful debts.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value.

Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. The effective interest method allocates the interest expense over the life of the instrument so as to reflect a constant return on the carrying amount of the liability. Borrowings include deferred ordinary and preference shares that fall under the definition of financial liabilities.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

BAY TRAVEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2008

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2008 £	2007 £
United Kingdom	<u>1,666,660</u>	<u>1,181,583</u>
	2008 £	2007 £
External	(1,618,551)	(1,162,654)
C.H. Bailey Plc group companies	<u>(48,109)</u>	<u>(18,929)</u>
	<u>(1,666,660)</u>	<u>(1,181,583)</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2008 £	2007 £
Auditor's remuneration - as auditor	2,000	2,000
Operating lease costs: Other	15,000	15,000
Net loss on foreign currency translation	<u>2,645</u>	<u>3,286</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2008 No	2007 No
Number of staff (including directors)	<u>8</u>	<u>8</u>

The aggregate payroll costs of the above were:

	2008 £	2007 £
Wages and salaries	35,000	51,831
Social security costs	<u>3,172</u>	<u>4,940</u>
	<u>38,172</u>	<u>56,771</u>

BAY TRAVEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2008

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2008	2007
	£	£
Aggregate emoluments	<u>200</u>	<u>200</u>

The fees in the year relate to Mrs S.A. Bailey.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Interest payable on bank borrowing	<u>2,707</u>	<u>1,599</u>

7. DEBTORS

	2008	2007
	£	£
Trade debtors	132,697	132,358
Amounts owed by group undertakings	187,971	129,313
VAT recoverable	–	52
Prepayments and accrued income	362	425
	<u>321,030</u>	<u>262,148</u>

8. CREDITORS: Amounts falling due within one year

	2008		2007	
	£	£	£	£
Overdrafts		10,341		31,966
Trade creditors		85,224		78,566
Amounts owed to group undertakings		21,578		–
Other creditors including taxation and social security:				
PAYE and social security		17		1,112
Accruals and deferred income		672		9,341
		<u>117,832</u>		<u>120,985</u>

9. PENSIONS

The company operates a defined contribution pension scheme and has no outstanding commitments at the year end.

BAY TRAVEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2008

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below. The company holds or issues financial instruments in order to achieve three main objectives, being:

- To finance its operations;
- To manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- For trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accrual and prepayments) arise directly from the company's operations.

Fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction excluding accrued interest. For borrowings not at fixed rates of interest it is assumed that the carrying amount is equal to the fair value and, accordingly, the company believes that there is no material difference between the carrying amount and the fair value of its financial instruments (cash at bank or borrowings). Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below:

Interest rate risk

The company's activities expose it to the financial risks of changes in interest rates. Interest charged on bank loans is at floating rates based on the relevant LIBOR equivalent and the company endeavours to obtain the most competitive rates available.

Credit risk

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy customers as a means of mitigating the risk of financial loss from defaults. Creditworthiness is verified by independent rating agencies when available. Credit exposure is controlled by credit limits that are reviewed and approved by senior management on a regular basis. Trade receivables consist of a large number of customers spread across diverse industries and geographical locations. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The company does not have any significant credit risk exposure to any single counterparty or connected counterparties at the reporting date. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk.

Liquidity risk

The company manages liquidity risk by maintaining adequate cash reserves, by operating within its agreed banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of monetary assets and liabilities.

Currency risk

The company's policy is not to hedge its international assets with respect to foreign currency balance sheet translation exposure, nor against foreign currency transactions. The company generally does not enter into forward exchange contracts and it does not use financial instruments for speculative purposes.

BAY TRAVEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2008

11. COMMITMENTS UNDER OPERATING LEASES

At 31st March 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2008	2007
	£	£
Operating leases which expire: After more than 5 years	<u>15,000</u>	<u>15,000</u>

12. CONTINGENCIES

A cross guarantee and debenture was given to Barclays Bank to secure borrowings by certain group companies. These borrowings at 31st March 2008 amounted to £980,246 (2007 :£128,051).

13. RELATED PARTY TRANSACTIONS

The only related party transactions in the year ended 31st March 2008 were those with other C.H. Bailey group undertakings. Balances with group undertakings are disclosed in notes 7 and 8.

14. SHARE CAPITAL

Authorised share capital:

	2008	2007
	£	£
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>

15. OTHER RESERVES

	2008	2007
	£	£
Other capital reserve	<u>1,000</u>	<u>1,000</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2008	2007
	£	£
Profit for the financial year	62,035	75,621
Opening shareholder's funds	<u>141,163</u>	<u>65,542</u>
Closing shareholder's funds	<u>203,198</u>	<u>141,163</u>

BAY TRAVEL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2008

17. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of C.H. Bailey Plc, a company incorporated in England and Wales, which is the ultimate parent undertaking.