

Hidden Retreats Limited

Report and Financial Statements

16 months ended

31 March 2004



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BDO Stoy Hayward
Chartered Accountants

Hidden Retreats Limited

Annual report and financial statements for the 16 months ended 31 March 2004

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Directors

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Directors

M Koch
K Herman
J Pink

Secretary and registered office

J Pink
Nelson House
Park Road
Timperley
Cheshire WA14 5BZ

Company number

4132253

Auditors

BDO Stoy Hayward LLP, Commercial Buildings, 11-15 Cross Street, Manchester, M2 1WE

Hidden Retreats Limited

Report of the directors for the period ended 31 March 2004

The directors present their report together with the audited financial statements for the 16 month period ended 31 March 2004.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the period.

The directors do not recommend payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is that of tour operators. The company holds an Air Travel Operators Licence issued by the CAA.

The directors are satisfied with the performance of the company in the period under review.

The directors expect increases in both turnover and profitability in the coming year.

Charitable and political contributions

During the period the company made charitable contributions of £1,300. There were no political contributions.

Directors

The directors of the company during the year and their beneficial interest in the shares of the company were as follows:

	Ordinary shares of £1 each	
	31 March 2004	30 November 2002
M Koch	-	40,000
K Herman	-	-
J Pink (appointed 20 August 2003)	-	-

M Koch is also a director of the ultimate parent company, MKM Group plc and his interest in the share capital of that company is shown in its financial statements.

Hidden Retreats Limited

Report of the directors for the period ended 31 March 2004 (Continued)

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; and
- 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

During the year, Alexander & Co resigned as auditors and BDO Stoy Hayward LLP were appointed in their place. A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

The report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

By order of the Board



J Pink
Secretary

Date 28-7-04

Hidden Retreats Limited

Report of the independent auditors

To the shareholders of Hidden Retreats Limited

We have audited the financial statements of Hidden Retreats Limited for the period ended 31 March 2004 on pages 4 to 11 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of the directors and the auditors

The Directors responsibilities for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 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 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 transactions with the company 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the United Kingdom 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 company's state of affairs of as at 31 March 2004 and of its profit for the 16 month period then ended and have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors

Manchester

Date

28 July 2004

Hidden Retreats Limited**Profit and loss account for the 16 months ended 31 March 2004**

	Note	16 months ended 31 March 2004 £	Year ended 30 November 2002 £
Turnover	2	3,929,726	926,003
Cost of sales		3,535,982	677,722
Gross profit		393,744	248,281
Administrative expenses		380,952	236,322
Operating profit	3	12,792	11,959
Interest receivable		1,774	-
Interest payable and similar charges		(11,006)	(2,704)
Profit on ordinary activities before taxation		3,560	9,255
Taxation on profit on ordinary activities		3,384	(3,384)
Profit on ordinary activities after taxation		6,944	5,871
Retained profit brought forward		8,547	2,676
Retained profit carried forward	11	15,491	8,547

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior period are included in the profit and loss account.

There is no movement in shareholders funds other than the profit for the period

The notes on pages 6 to 11 form part of these financial statements.

Hidden Retreats Limited**Balance sheet at 31 March 2004**

	Note	At 31 March		At 30 November	
		2004	2004	2002	2002
		£	£	£	£
Fixed assets					
Tangible assets	5		60,641		24,436
Current assets					
Debtors	6	261,392		216,130	
Cash at bank and in hand		118,121		5,796	
		<u>379,513</u>		<u>221,926</u>	
Creditors: amounts falling due within one year	7	330,882		144,431	
		<u> </u>		<u> </u>	
Net current assets			48,631		77,495
Total assets less current liabilities			<u>109,272</u>		<u>101,931</u>
Creditors: amounts falling due after more than one year	8	53,781		50,000	
Provision for liabilities and charges	9	-		3,384	
		<u> </u>		<u> </u>	
			53,781		53,384
			<u>55,491</u>		<u>48,547</u>
			<u> </u>		<u> </u>
Capital and reserves					
Called up share capital	10		40,000		40,000
Profit and loss account			15,491		8,547
Shareholders' funds	11		<u>55,491</u>		<u>48,547</u>
			<u> </u>		<u> </u>

These financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on



J Pink
Director

The notes on pages 6 to 11 form part of these financial statements.

Hidden Retreats Limited

Notes forming part of the financial statements for the 16 months ended 31 March 2004

1 Accounting policies

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax. Turnover is recognised when the company has fulfilled its contractual obligations connected with the sale.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, at the following rates:

Fixtures, fittings and equipment - 25 % per annum on a straight line basis

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

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. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Hidden Retreats Limited

Notes forming part of the financial statements for the 16 months ended 31 March 2004 (Continued)

1 Accounting policies (continued)

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

	16 months ended 31 March 2004 £	Year ended 30 November 2002 £
This is stated after charging:		
Auditors' remuneration	3,500	3,000
Depreciation – owned assets	15,534	2,275
Depreciation – on assets held under finance leases	5,418	4,954
Hire of other assets – operating leases	-	2,129
	<u> </u>	<u> </u>

4 Directors

	16 months ended 31 March 2004 £	Year ended 30 November 2002 £
Directors' remuneration consist of:		
Emoluments and pension contributions	64,346	46,526
	<u> </u>	<u> </u>

Hidden Retreats Limited

Notes forming part of the financial statements for the 16 months ended 31 March 2004 (*Continued*)

5 Tangible assets

	Fixtures, fittings and equipment £
<i>Cost</i>	
At 1 December 2002	34,341
Additions	57,157
At 31 March 2004	<u>91,498</u>
<i>Depreciation</i>	
At 1 December 2002	9,905
Provided for the period	20,952
At 31 March 2004	<u>30,857</u>
<i>Net book value</i>	
At 31 March 2004	<u>60,641</u>
At 31 November 2002	<u>24,436</u>

The net book value of tangible fixed assets includes an amount of £6,966 (2002 - £12,384) in respect of assets held under finance leases. The related depreciation charge for the period was £5,418 (2002 - £4,954).

6 Debtors

	As at 31 March 2004 £	As at 30 November 2002 £
Trade debtors	51,989	110,212
Amounts owed by group undertakings	162,886	-
Prepayments and accrued income	23,317	104,951
Other debtors	23,200	967
	<u>261,392</u>	<u>216,130</u>

All amounts shown under debtors fall due for payment within one year.

Hidden Retreats Limited

Notes forming part of the financial statements for the 16 months ended 31 March 2004 (Continued)

7 Creditors: amounts falling due within one year

	As at 31 March 2004 £	As at 30 November 2002 £
Trade creditors	307,998	123,258
Taxation and social security	21,528	8,058
Obligations under finance leases	906	6,125
Other creditors	450	6,990
	<u>330,882</u>	<u>144,431</u>

8 Creditors: amounts falling due within one year

	As at 31 March 2004 £	As at 30 November 2002 £
Other loans	50,000	50,000
Obligations under finance leases	3,781	-
	<u>53,781</u>	<u>50,000</u>

Maturity of debt

	Other loans 31 March 2004 £	Other loans 30 November 2002 £	Finance Leases 31 March 2004 £	Finance Leases 30 November 2002 £
In one year or less, or on demand	-	-	906	-
In more than one year but not more than two years	-	-	943	-
In more than two years but not More than five years	-	-	2,838	-
After five years	50,000	50,000	-	-
	<u>50,000</u>	<u>50,000</u>	<u>3,781</u>	<u>-</u>

Hidden Retreats Limited

Notes forming part of the financial statements for the 16 months ended 31 March 2004 (Continued)

9 Provisions for liabilities and charges

		Deferred taxation £
Balance at 1 December 2002		3,384
Transfer from/(to) profit and loss account		(3,384)
Balance at 31 March 2004		<u>-</u>
<i>Deferred taxation</i>		<u><u>-</u></u>
	As at 31 March 2004 £	As at 30 November 2002 £
Accelerated capital allowances	-	3,384

10 Share capital

	Authorised			
	2004	2002	2004	2002
	Number	Number	£	£
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
	Allotted, called up and fully paid			
	2004	2002	2004	2002
	Number	Number	£	£
Ordinary shares of £1 each	40,000	40,000	40,000	40,000

11 Reconciliation of movement in shareholders' funds

	31 March 2004 £	30 November 2002 £
Profit for the period	6,944	5,871
Opening shareholders funds	48,547	42,676
Closing shareholders funds	<u>55,491</u>	<u>48,547</u>

Hidden Retreats Limited

Notes forming part of the financial statements for the 16 months ended 31 March 2004 (*Continued*)

12 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of MKM Group plc.

Other loans of £50,000 (2003: £50,000) include an unsecured subordinated loan on behalf of the Civil Aviation Authority made to the company by M Koch, a director of the company. Interest is payable on the balance outstanding at £500 per month.

13 Ultimate parent company

At 31 March 2004 the company's ultimate parent company was MKM Holdings Limited which is the parent of largest group of which the company is a member. On 21 April 2004, MKM Holdings Limited re-registered as a public company and on 13 May 2004 changed its name to MKM Group plc. The parent of the smallest group of which the Company is a member is MKM Group Limited. MKM Group Limited changes its name to MKM Holdings Limited on 13 May 2004.

Copies of the consolidated financial statements of MKM Group plc are available from Companies House.

The page which follows does not
form part of the statutory
financial statements of the company

Hidden Retreats Limited

Detailed profit and loss account for the 16 months ended 31 March 2004

	16 months ended 31 March		Year ended 30 November	
	2004	2004	2002	2002
	£	£	£	£
Turnover		3,929,726		926,003
Cost of sales		3,535,982		677,772
Gross profit		<u>393,744</u>		<u>248,281</u>
<i>Administrative overheads</i>				
Salaries, wages and social security costs	132,067		45,774	
Directors remuneration	64,346		37,500	
Travel and entertainment	346		8,965	
Heat, light and power	1,667		2,503	
Postage, stationery and advertising	24,839		53,231	
Office costs	31		-	
Computer maintenance	22,815		10,745	
Books and magazines	2,713		-	
Motor running expenses and travel	31,265		3,928	
Repairs and renewals	1,363		1,207	
Rent and rates	20,052		11,360	
Sundry expenses	2,563		1,928	
Depreciation	21,737		7,229	
Bank charges	20,851		13,350	
Legal and professional fees	798		3,621	
Audit and accountancy	5,122		3,950	
Professional fees	5,799		8,574	
Telephone and communications	16,186		10,097	
Insurances	5,092		6,448	
Donations	1,300		-	
Bad debts	-		5,912	
		<u>(380,952)</u>		<u>(236,322)</u>
Operating profit for the year		<u>12,792</u>		<u>11,959</u>