

Hotelplan Limited

Registered No. 350786

DIRECTORS

C Niederer (Swiss)
W Guentensperger (Swiss)
C Amstalden (Swiss)

SECRETARY

M C Barker FCA

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

Lloyds Bank Plc
110 Putney High Street
London SW15 1RQ

REGISTERED OFFICE

10-18 Putney Hill
London SW15 6AX



DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 October 1997.

RESULTS AND DIVIDENDS

The trading results for the year ended 31 October 1997 are set out in the profit and loss account on page 5. A dividend of £nil is proposed for the year (1996 – £240,000) and £361,000 was transferred to reserves (1996 – £1,353,000).

PRINCIPAL ACTIVITIES

The company's principal activity is the provision of inclusive holidays and ancillary services.

FIXED ASSETS

There have been no significant movements in fixed assets during the year.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 October 1997 were as follows:

C Niederer
W Guentensperger
C Amstalden (appointed 4 December 1996)
P Lenherr (resigned 4 December 1996)

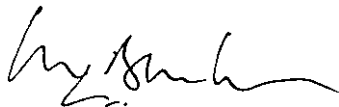
None of the directors who held office during the year had a beneficial interest in the share capital of the company.

AUDITORS

During the year, Price Waterhouse resigned as auditors and Ernst & Young were appointed in their place.

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



Secretary

02 FEB 1998

Hotelplan Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS
to the members of Hotelplan Limited

We have audited the accounts on pages 5 to 13, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 October 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
London

2 February 1998

Hotelplan Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 October 1997

	Notes	1997 £000	1996 £000
Continuing operations:			
TURNOVER	2	101,054	74,210
Cost of sales		(94,058)	(65,826)
Gross profit		6,996	8,384
Administrative expenses		(7,739)	(7,426)
Other operating income		329	384
OPERATING (LOSS)/PROFIT	3	(414)	1,342
Profit on disposal of fixed assets		22	15
Interest receivable and similar income		966	1,133
Interest payable and similar charges	8	(34)	(28)
		954	1,120
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		540	2,462
Tax on profit on ordinary activities	7	(179)	(869)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		361	1,593
Dividend payable		—	(240)
RETAINED PROFIT FOR THE YEAR	17	361	1,353

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There have been no recognised gains or losses other than those shown in the profit and loss account above.
There is no difference between the historic cost profits and losses and the results presented above.

Hotelpplan Limited

BALANCE SHEET

at 31 October 1997

	Notes	1997 £000	1996 £000
FIXED ASSETS			
Intangible assets	9	1,395	1,550
Tangible assets	10	5,922	5,963
Investment in subsidiary undertakings	11	10	7
		<u>7,327</u>	<u>7,520</u>
CURRENT ASSETS			
Debtors and prepayments	12	9,391	3,440
Deposits with group undertakings		8,055	5,801
Cash at bank and in hand		2,882	11,100
		<u>20,328</u>	<u>20,341</u>
CREDITORS: amounts falling due within one year	13	(14,738)	(15,688)
NET CURRENT ASSETS		<u>5,590</u>	<u>4,653</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,917</u>	<u>12,173</u>
CREDITORS: amounts falling due after more than one year	14	(11)	(24)
PROVISION FOR DEFERRED TAXATION	7	(641)	(245)
		<u>(652)</u>	<u>(269)</u>
		<u>12,265</u>	<u>11,904</u>
SHARE CAPITAL			
Called up share capital	16	1,000	1,000
Profit and loss account	17	11,265	10,904
	18	<u>12,265</u>	<u>11,904</u>

Approved by the board on



Director

02 FEB 1998

NOTES TO THE ACCOUNTS

at 31 October 1997

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover is the aggregate value of sales of inclusive tours, net of discounts, excluding VAT.

Depreciation

Land and buildings are depreciated on a straight line basis over 50 years.

The cost of other fixed assets is written off by equal annual instalments over the estimated useful lives which range from 3 to 5 years.

Foreign currencies

Foreign currency balances are translated at the balance sheet rate, except for foreign currency deposits held against budgeted foreign currency requirements which are translated into sterling at the actual rate at the date of conversion. The company provides for anticipated future losses on foreign currency purchase requirements not covered by forward contracts.

Marketing expenditure

Marketing expenditure is carried forward for established brochure holiday programmes which have not commenced at the balance sheet date. All other marketing expenditure is written off as incurred.

Pension costs

The costs of providing pensions for employees under the company's defined benefits pension scheme are charged in the profit and loss account over the average working life of employees in accordance with the recommendations of qualified actuaries.

Deferred taxation

Provision for deferred taxation is made only where there is a reasonable probability that a liability will crystallise. Deferred taxation net debit balances are carried forward to the extent that they are expected to be recoverable without replacement by equivalent debit balances.

Group accounts

The company is a wholly owned subsidiary undertaking of Hotelplan (UK Group) Limited which prepares group accounts as required by section 227 of the Companies Act 1985, and accordingly the company is exempt from the obligation to prepare and deliver group accounts.

Cash flow statement

Hotelplan Limited is a wholly owned subsidiary undertaking of Hotelplan (UK Group) Limited, which in turn is a wholly owned subsidiary of the Federation of Migros Co-operatives, a co-operative incorporated in Switzerland. As accounts of the ultimate parent entity are publically available, the company has taken advantage of the exemption in Financial Reporting Standard No.1 (revised), from producing a cash flow statement.

Related parties

The company has taken advantage of provision in Financial Reporting Standard No. 8 which exempt subsidiary undertakings from disclosing transactions with other entities within the group.

Hotelplan Limited

NOTES TO THE ACCOUNTS

at 31 October 1997

2. TURNOVER

Turnover is attributable to one continuing activity, the provision of inclusive holidays and ancillary services. The analysis of turnover by geographical market is given below:

	1997 £000	1996 £000
United Kingdom	97,291	71,423
Other	3,763	2,787
	<u>101,054</u>	<u>74,210</u>

3. OPERATING (LOSS)/PROFIT

This is stated after charging/(crediting):

	1997 £000	1996 £000
Depreciation – owned assets	345	379
– assets held under finance leases	–	104
Management fee payable to parent undertaking	488	374
Foreign exchange gain	(152)	(188)
Auditors' remuneration – Audit fees	28	39
– Non audit fees	46	52
	<u></u>	<u></u>

4. DIRECTORS' EMOLUMENTS

None of the directors received any emoluments as directors of the company.

5. STAFF COSTS

	1997 £000	1996 £000
Salaries	2,980	2,418
Social security	305	262
Other pension costs	183	139
	<u>3,468</u>	<u>2,819</u>

The average number of weekly employees during the year was 139 (1996 – 113).

6. OTHER OPERATING INCOME

	1997 £000	1996 £000
Rental income	329	384
	<u></u>	<u></u>

Hotelplan Limited

NOTES TO THE ACCOUNTS

at 31 October 1997

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £000	1996 £000
UK corporation tax – current year	(227)	987
– prior year	10	(44)
Foreign taxation	–	1
Deferred taxation	396	(75)
	<u>179</u>	<u>869</u>

Deferred taxation

The deferred taxation asset/(liability) comprises the following:

Deferred marketing costs	(404)	(207)
Capital allowances	(162)	(133)
Provisions	116	244
Credit balances	(191)	(131)
Other short-term timing differences	–	(18)
	<u>(641)</u>	<u>(245)</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £000	1996 £000
Bank loans and overdrafts	16	10
Payable to group undertakings	18	18
	<u>34</u>	<u>28</u>

9. INTANGIBLE FIXED ASSETS

The intangible asset arises from the purchase of the trade of Bladon Lines Travel Limited and of Westbury Travel Limited, both fellow subsidiaries, as follows:

	<i>Goodwill</i> £000
Cost:	
At 1 November 1996 and 31 October 1996	1,550
Amortisation:	
At 1 November 1996	–
Provided during the year	155
At 31 October 1997	<u>155</u>
Net book value:	
At 31 October 1997	<u>1,395</u>
At 1 November 1996	<u>1,550</u>

Goodwill is being written off in equal annual instalments over its estimated economic life of 10 years.

Hotelplan Limited

NOTES TO THE ACCOUNTS at 31 October 1997

10. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £000</i>	<i>Motor vehicles £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Total £000</i>
Cost:				
At 1 November 1996	6,347	218	1,854	8,419
Additions	—	32	286	318
Intra group transfers	—	—	—	—
Disposals	—	(53)	(77)	(130)
At 31 October 1997	6,347	197	2,063	8,607
Depreciation:				
At 1 November 1996	600	142	1,714	2,456
Provided during the year	120	47	178	345
Disposals	—	(46)	(70)	(116)
At 31 October 1997	720	143	1,822	2,685
Net book value:				
At 31 October 1997	5,627	54	241	5,922
At 31 October 1996	5,747	76	140	5,963

11. FIXED ASSET INVESTMENTS

	<i>1997 £000</i>	<i>1996 £000</i>
Shares in group undertakings	10	7

The company has three wholly owned subsidiaries. The country of incorporation and principle country of operation are the same for each company.

<i>Company</i>	<i>Country of incorporation</i>	<i>Class of share</i>	<i>Proportion held</i>
Hotelplan Inghams SARL	France	Ordinary	100%
Hotelplan (Transport) Limited	England	Ordinary	100%
Servitour SRL	Italy	Ordinary	100%

During the year the shares of Servitour SRL were transferred to the company from a fellow subsidiary, Bladon Lines Travel Limited, at book value.

Hotelplan Limited

NOTES TO THE ACCOUNTS

at 31 October 1997

12. DEBTORS AND PREPAYMENTS

	1997 £000	1996 £000
Trade debtors	986	142
Amounts owed by parent undertakings	3,247	953
Amounts owed by fellow subsidiary undertakings	706	859
Other debtors	604	189
Prepayments and accrued income	3,848	1,237
Advance corporation tax recoverable	—	60
	<u>9,391</u>	<u>3,440</u>

13. CREDITORS: amounts falling due within one year

	1997 £000	1996 £000
Bank loans and overdrafts	102	166
Advance payments in respect of holidays	7,986	6,858
Trade creditors	3,387	1,348
Amounts owed to parent undertaking	219	—
Amounts owed to fellow subsidiary undertakings	101	1,155
Taxation and social security	422	1,221
Accruals and deferred income	2,447	4,440
Dividend payable	—	240
Other creditors	—	221
Payable under finance lease	74	39
	<u>14,738</u>	<u>15,688</u>

14. CREDITORS: amounts falling due after more than one year

	1997 £000	1996 £000
Payable under finance lease	11	24
	<u>11</u>	<u>24</u>

15. OBLIGATIONS UNDER FINANCE LEASES

	1997 £000	1996 £000
Within one year	74	39
Between two and five years	11	24
	<u>85</u>	<u>63</u>

NOTES TO THE ACCOUNTS

at 31 October 1997

16. SHARE CAPITAL

	1997 £000	1996 £000
Authorised, allotted, called up and fully paid: 1,000,000 ordinary shares of £1 each	1,000	1,000

17. PROFIT AND LOSS ACCOUNT

	1997 £000	1996 £000
At 1 November 1996	10,904	9,551
Retained profit for the year	361	1,353
At 31 October 1997	11,265	10,904

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

The movement in shareholders' funds may be analysed as shown below:

	1997 £000	1996 £000
Shareholders' funds at 1 November 1996	11,904	10,551
Profit for the year	361	1,593
Dividends	—	(240)
Shareholders' funds at 31 October 1997	12,265	11,904

19. PENSION COMMITMENTS

Employees over 21 years of age are entitled to join the company's defined benefits pension scheme. This is a fully funded, insured scheme with contributions paid by both the company and employees. The pension cost for the year was £150,000 (1996 – £110,000). The pension cost is assessed in accordance with the advice of a professionally qualified actuary using the Projected Unit Method. The most recent formal actuarial valuation was undertaken as at 1 November 1996 and the actuary confirmed that contribution rates are adequate to fund the existing and future liabilities of the scheme. The assumptions which have the most significant effect on the valuation are those relating to the rate of return on investments and the rate of increase in salaries, which were assumed to be 8% and 6% per annum respectively. The funding level as at 1 November 1996 was 158% and the market value of the scheme's assets was £4.89 million. The surplus will be eliminated over the remaining working lives of the scheme members.

20. CONTINGENT LIABILITY

The company has issued an undertaking in favour of the Federation of Tour Operators Trust Fund Limited of £240,000. The undertaking may be demanded upon the failure of any member of the Federation of Tour Operators where the normal bonds of the failed member are insufficient to meet claims arising. The directors consider the likelihood of such a payment to be remote at the present time.

Hotelplan Limited

NOTES TO THE ACCOUNTS at 31 October 1997

21. PARENT UNDERTAKING

Hotelplan (UK Group) Limited, a company registered in England and Wales, is the immediate parent undertaking of Hotelplan Limited. This is the smallest group which consolidates the results of the company. Copies of the group accounts can be obtained from 10-18 Putney Hill, London SW15 6AX, United Kingdom.

The ultimate parent undertaking and the largest consolidating group is the Federation of Migros Co-operatives, a co-operative incorporated in Switzerland. Group accounts can be obtained from 152 Limmatstrasse CH8005, Zurich, Switzerland.