


HOTELPLAN LIMITED

Report and Accounts

31 October 2000

 ERNST & YOUNG



Hotelplan Limited

Registered No. 350786

DIRECTORS

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

Hotelpian Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 October 2000.

RESULTS AND DIVIDENDS

The trading results for the year ended 31 October 2000 are set out in the profit and loss account on page 5. An interim dividend of £12,000,000 was paid during the year (1999 – £nil) and a final dividend of £2,155,000 is proposed (1999 – £500,000). £7,746,000 was transferred from reserves (1999 transferred to reserves – £5,773,000).

PRINCIPAL ACTIVITY

The company's principal activity is the provision of inclusive holidays and ancillary services and the directors expect this to continue. The group principally operates from the UK, however it also has a branch in Ireland.

FIXED ASSETS

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

DIRECTORS AND THEIR INTERESTS

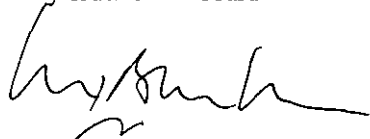
The directors who served during the year ended 31 October 2000 were as shown on page 1.

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

AUDITORS

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

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 14, 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 in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

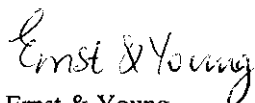
Basis of opinion

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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

7 March 2001

Hotelplan Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 October 2000

	Notes	2000 £000	1999 £000
TURNOVER	2	93,488	84,354
Cost of sales		(77,766)	(69,211)
Gross profit		15,722	15,143
Administrative expenses		(8,739)	(7,963)
Other operating income	6	355	312
		(8,384)	(7,651)
OPERATING PROFIT	3	7,338	7,492
Profit on disposal of fixed assets		22	17
Interest receivable and similar income	7	1,865	1,558
Interest payable and similar charges	8	(39)	(39)
		1,848	1,536
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		9,186	9,028
Tax on profit on ordinary activities	9	(2,777)	(2,755)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		6,409	6,273
Dividend	10	(14,155)	(500)
Profit and loss account brought forward		19,558	13,785
PROFIT AND LOSS ACCOUNT CARRIED FORWARD	18	11,812	19,558

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.

Hotelplan Limited

BALANCE SHEET at 31 December 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Intangible assets	11	930	1,085
Tangible assets	12	5,478	5,581
Investment in subsidiary undertakings	13	7	10
		<u>6,415</u>	<u>6,676</u>
CURRENT ASSETS			
Debtors and prepayments	14	4,335	4,544
Deposits with group undertakings		—	1,227
Cash at bank and in hand		25,329	26,527
		<u>29,664</u>	<u>32,298</u>
CREDITORS: amounts falling due within one year	15	(22,197)	(17,358)
NET CURRENT ASSETS		<u>7,467</u>	<u>14,940</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,882</u>	<u>21,616</u>
PROVISION FOR LIABILITIES AND CHARGES	16	(1,070)	(1,058)
		<u>12,812</u>	<u>20,558</u>
SHARE CAPITAL			
Called up share capital	17	1,000	1,000
Profit and loss account	18	11,812	19,558
	19	<u>12,812</u>	<u>20,558</u>

Approved by the board on *March 07, 2001*

Director



Hotelplan Limited

NOTES TO THE ACCOUNTS at 31 October 2000

1. ACCOUNTING POLICIES

Accounting convention

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

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 publicly available, the company has taken advantage of the exemption in Financial Reporting Standard No.1 (revised), from producing a cash flow statement.

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

Transactions in foreign currencies are recorded at the internal group rate. Differences between the internal rate used and rates ruling at the date of transaction are taken to the profit and loss account.

Foreign currency balances are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

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.

Related parties

The company has taken advantage of the provisions 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 2000

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:

	2000 £000	1999 £000
United Kingdom	88,348	80,050
Other	5,140	4,304
	<u>93,488</u>	<u>84,354</u>

3. OPERATING PROFIT

This is stated after charging/(crediting):

	2000 £000	1999 £000
Goodwill amortisation	155	155
Depreciation – owned assets	311	360
Management fee payable to parent undertaking	483	429
Foreign exchange gain	(1,416)	(1,165)
Auditors' remuneration – Audit fees	36	31
– Non audit fees	38	49
Operating lease rental – Land and buildings	20	20
	<u></u>	<u></u>

4. DIRECTORS' EMOLUMENTS

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

5. STAFF COSTS

	2000 £000	1999 £000
Salaries	3,466	3,358
Social security	342	313
Other pension costs	244	216
	<u>4,052</u>	<u>3,887</u>

The average number of employees during the year was 130 (1999 – 120).

Hotelplan Limited

NOTES TO THE ACCOUNTS at 31 October 2000

6. OTHER OPERATING INCOME

	2000	1999
	£000	£000
Rental income	355	312

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000	1999
	£000	£000
Bank interest	1,748	1,418
Receivable from group undertakings	117	140
	1,865	1,558

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£000	£000
Bank loans and overdrafts	39	28
Payable to group undertakings	-	11
	39	39

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£000	£000
UK corporation tax – current year	2,748	2,767
– prior year	(106)	200
Foreign taxation	111	34
Deferred taxation	24	(246)
	2,777	2,755

10. DIVIDENDS

	2000	1999
	£000	£000
Equity dividends on ordinary shares:		
Interim-paid	12,000	-
Final-proposed	2,155	500
	14,155	500

Hotelplan Limited

NOTES TO THE ACCOUNTS at 31 October 2000

11. INTANGIBLE FIXED ASSETS

	<i>Goodwill £000</i>
Cost:	
At 31 October 1999 and 31 October 2000	1,550
Amortisation:	
At 1 November 1999	465
Provided during the year	155
At 31 October 2000	620
Net book value:	
At 31 October 2000	930
At 31 October 1999	1,085

Goodwill which relates to the acquisition of the trading names "Bladon Lines" and "Just France", is being written off in equal annual instalments over its estimated economic life of 10 years.

12. 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 1999	6,347	203	1,393	7,943
Additions	—	69	139	208
Disposals	—	(57)	(304)	(361)
At 31 October 2000	6,347	215	1,228	7,790
Depreciation:				
At 1 November 1999	961	132	1,269	2,362
Provided during the year	120	65	126	311
Disposals	—	(57)	(304)	(361)
At 31 October 2000	1,081	140	1,091	2,312
Net book value:				
At 31 October 2000	5,266	75	137	5,478
At 31 October 1999	5,386	71	124	5,581

Hotelplan Limited

NOTES TO THE ACCOUNTS at 31 October 2000

13. FIXED ASSET INVESTMENTS

	2000 £000	1999 £000
Shares in group undertakings	7	10

The company has two wholly owned subsidiaries. The country of incorporation and principle country of operation are the same for each company. Servitour SRL, previously a wholly owned subsidiary, was liquidated during the year.

<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%

14. DEBTORS AND PREPAYMENTS

	2000 £000	1999 £000
Trade debtors	467	274
Amounts owed by parent undertakings	17	66
Amounts owed by fellow subsidiary undertakings	2,078	2,173
Other debtors	13	182
Prepayments and accrued income	1,760	1,849
	<u>4,335</u>	<u>4,544</u>

15. CREDITORS: amounts falling due within one year

	2000 £000	1999 £000
Bank loans and overdrafts	44	27
Advance payments in respect of holidays	10,331	6,638
Trade creditors	1,833	2,019
Amounts owed to parent undertaking	2,581	1,147
Amounts owed to fellow subsidiary undertakings	88	12
Taxation and social security	4,285	4,924
Accruals and deferred income	3,035	2,591
	<u>22,197</u>	<u>17,358</u>

Hotelplan Limited

NOTES TO THE ACCOUNTS at 31 October 2000

16. PROVISION FOR LIABILITIES AND CHARGES

	<i>Deferred taxation £000</i>	<i>Other £000</i>	<i>Total £000</i>
At 31 October 1999	274	784	1,058
Transferred from profit and loss account	24	–	24
Utilised	–	(12)	(12)
At 31 October 2000	<u>298</u>	<u>772</u>	<u>1,070</u>

Provisions for liabilities and charged include provisions for:

- Deferred taxation.
- Future liabilities resulting from an onerous lease and chalet dilapidation costs and a legal claim.

Deferred taxation

The deferred taxation liability comprises the following:

	<i>2000 £000</i>	<i>1999 £000</i>
Capital allowances	(174)	(204)
Other STTDs	(124)	(70)
	<u>(298)</u>	<u>(274)</u>

17. SHARE CAPITAL

	<i>2000 £000</i>	<i>1999 £000</i>
Authorised, allotted, called up and fully paid: 1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

18. PROFIT AND LOSS ACCOUNT

	<i>2000 £000</i>	<i>1999 £000</i>
At 1 November 1999	19,558	13,785
Retained (loss)/profit for the year	(7,746)	5,773
At 31 October 2000	<u>11,812</u>	<u>19,558</u>

Hotelplan Limited

NOTES TO THE ACCOUNTS at 31 October 2000

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

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

	2000 £000	1999 £000
Shareholders' funds at 1 November 1999	20,558	14,785
Profit for the year	6,409	6,273
Dividends	(14,155)	(500)
Shareholders' funds at 31 October 2000	12,812	20,558

20. OPERATING LEASE COMMITMENTS

At 31 October 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	2000 £000	1999 £000
Operating lease which expire:		
In two to five years	20	—
After more than five years	—	20
	20	20

21. 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 £200,000 (1999 – £175,000). 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 1999 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 1999 was 109% and the market value of the scheme's assets was £6.83 million. The surplus will be eliminated over the remaining working lives of the scheme members.

22. CONTINGENT LIABILITY

The company has issued an undertaking in favour of the Federation of Tour Operators Trust Fund Limited of £320,260. 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 2000

23. 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.