

BAKERS DOLPHIN GROUP TOURS LIMITED

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED**

31 October 2001



Registered Number : 1000477

2. BAKERS DOLPHIN GROUP TOURS LIMITED

REPORT TO THE DIRECTORS

The directors submit their report and accounts of Bakers Dolphin Group Tours Limited for the year ended 31 October 2001.

Principal activity

The Company's principal activity is sale of organised tours.

Results and dividends

The Company's profit before taxation for the year was £57,000 (2000 : £187,000).

The Directors do not propose a dividend for the year ended 31 October 2001 (2000: Nil).

Directors and their interests

The Directors of the Company at the date of this report are:

R W Daniel	Appointed 31 August 2001
M R Prior	Appointed 15 March 2002
First Choice Holidays and Flights Limited	Appointed 15 March 2002

Other Directors who served in the year were as follows:

K Ivie	Resigned 30 April 2001
D Howell	Resigned 3 May 2001
S McLeod	Resigned 15 March 2002
P White	Resigned 31 August 2001

None of the Directors had any beneficial interest in the shares of the Company or any subsidiary undertaking at any time during the year.

Interests in shares and options

At the 31 October 2001 the interests of the Directors in the ordinary share capital of the ultimate parent company, First Choice Holidays PLC, were as follows:

	-----Shares-----			-----Share Options-----			Restricted Shares	
	31 October 2001	31 October 2000	31 October 2000	Granted	Exercised	31 October 2001	31 October 2001	31 October 2000
R Daniel	-	-	3,073	-	-	3,073	-	-
S McLeod	31,644	1,500	6,197	-	-	6,197	75,685	59,261

3. BAKERS DOLPHIN GROUP TOURS LIMITED

REPORT TO THE DIRECTORS (Continued)

Share options granted to the Directors and outstanding at the year-end under the Savings Related Share Option Scheme are set out below together with shares awarded under the Restricted Share Plan.

	No. of shares	Option exercise price (p)	Date exercisable
S McLeod			
Restricted Share Plan	1,927	-	05 October 2001
Restricted Share Plan	7,091	-	14 December 2002
Restricted Share Plan	66,667	-	11 December 2003
Savings Related Share Option Plan	2,079	116.0p	01 November 2001
Savings Related Share Option Plan	4,118	97.6p	01 October 2005
R Daniel			
Savings Related Share Option Plan	3,073	97.6p	01 October 2005

For full details on the above schemes, reference should be made to the Annual Report and Accounts of First Choice Holidays PLC.

The following exercises took place during the year under the Restricted Share Plan:

	No. of shares	Date option exercised
S McLeod	33,753	15/01/2001
	13,786	08/08/2001
	2,704	29/10/2001

4. BAKERS DOLPHIN GROUP TOURS LIMITED

REPORT TO THE DIRECTORS (Continued)

Directors insurance

The ultimate parent company maintains insurance policies on behalf of all the Directors of the Company against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

Employee Policy

Involvement, health and safety and disability policies

The Company recognises the importance of involving and developing its employees wherever practical. Employees are updated on corporate performance, business objectives and developments through various formal and informal channels of communication in order to promote a better understanding of the Company's businesses. Involvement of employees in the Company's performance is also encouraged by the availability of performance related bonuses and similar schemes.

It is the Company's policy to place the utmost importance upon and maintain a high standard of health and safety at work. It is our responsibility to endeavour to ensure the prevention of personal injuries and to investigate and encourage means by which the health, and safety and welfare of employees can be improved. Accordingly, all safety precautions are kept under review to ensure that the highest standards are maintained.

Where it is reasonable and practical, all employees, including disabled people, are treated in the same way in matters relating to employment, training, career development and promotion. Proper attention is paid to the opportunities, training and work prospects of people who become disabled during their employment with the Company.

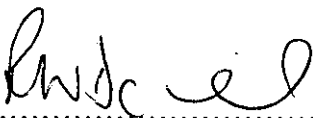
5. BAKERS DOLPHIN GROUP TOURS LIMITED

REPORT TO THE DIRECTORS (Continued)

Auditors

The Company has elected to dispense with the holding of annual general meetings; the laying of accounts before the members in general meeting; and the appointment of auditors annually. Accordingly KPMG Audit Plc will continue in office as auditors.

By Order of the Board

A handwritten signature in black ink, appearing to read 'R Daniel', is written over a dotted line.

R Daniel - Director

Dated: 21 August 2002

6. BAKERS DOLPHIN GROUP TOURS LIMITED

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 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 financial statements; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS

To the members of Bakers Dolphin Group Tours Limited

We have audited the financial statements set out on pages 8 to 16.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the directors' report and as described on page 6, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, The Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit 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 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 October 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Registered Auditor
Chartered Accountants
London

Dated: 23 August 2002

8. BAKERS DOLPHIN GROUP TOURS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 October 2001

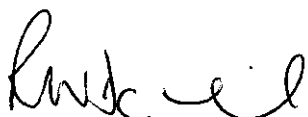
	Note	Year ended 31 October 2001 £'000	Year ended 31 October 2000 £'000
Turnover	2	725	1,620
Cost of Sales		<u>(507)</u>	<u>(1,118)</u>
Gross profit		218	502
Administrative expenses		<u>(161)</u>	<u>(315)</u>
Operating profit and profit on ordinary activities before taxation	2	57	187
Tax on profit on ordinary activities	4	<u>(17)</u>	<u>(56)</u>
Profit retained for the financial year	9	<u>40</u>	<u>131</u>

The results all arose from continuing activities. There were no recognised gains or losses other than the result for the financial period.

BALANCE SHEET**For the year ended 31 October 2001**

	Note	Year ended 31 October 2001		Year ended 31 October 2000	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	5	-		19	
Investments	6	<u>2</u>		<u>2</u>	
			2		21
Current assets					
Debtors	7	357		129	
Cash in bank and in hand		<u>126</u>		<u>1,089</u>	
		483		1,218	
Creditors: amounts falling due within one year	8	(207)		(1,001)	
Net current assets			<u>276</u>		<u>217</u>
Net assets			<u>278</u>		<u>238</u>
Capital and reserves					
Called up share capital	9		120		120
Profit and loss account	10		<u>158</u>		<u>118</u>
Equity shareholders' funds	11		<u>278</u>		<u>238</u>

The financial statements were approved by the Board of Directors on 21 August 2002.



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R Daniel - Director

The accounting policies on pages 10 to 11 and the notes on pages 12 to 16 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2001

1. ACCOUNTING POLICIES

The following accounting policies have been consistently applied, in dealing with items considered material in relation to the Accounts.

Accounting convention

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention. The company has adopted the requirements of FRS19: Deferred taxation during the year.

Cashflow statement

The Company is exempt from the requirement of Financial Reporting Standard No. 1 to prepare a cashflow statement as it is a wholly owned subsidiary of First Choice Holidays PLC and its cashflows are included within the consolidated cash flow statement of the group.

Company undertaking

The Company is exempt from preparing consolidated financial statements under S228 of the Companies Act 1985 as it is part of a larger company, registered in England and Wales, which is preparing consolidated financial statements drawn up to the same date. These financial statements therefore present information about the Company as an individual undertaking and not about its group. Consequently, investments in subsidiaries are recorded at cost less amounts written off. Provisions are made for permanent reductions in value.

Depreciation

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life on the following annual bases:

Fixtures, fittings, equipment and skis	20% or 33 1/3% straight line
Motor vehicles	25% straight line
Computer equipment	33 1/3% straight line

Current asset investments

Current asset investments are stated at the lower of cost and net realisable value.

Marketing costs

Third party brochure and other marketing costs are charged to the profit and loss account in the season to which they relate.

Client money received in advance

Client money received at the balance sheet date relating to holidays commencing and travel departing after the year end is included in creditors.

Deferred taxation

Except as otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date. Timing differences arise when items of income and expenditure are included in tax computations in periods different from their inclusion in the financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 October 2001

Pension costs

The Company provides pensions to employees through a defined contribution scheme. Pension contributions payable are charged to the profit and loss account in the year in which they are due and payable.

Foreign currency

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date except to the extent covered by forward exchange contracts. The benefit of foreign exchange contracts purchased to cover future seasons' requirements is accounted for in the season to which the contract relates. Exchange gains and losses arising on trading and translation of monetary assets and liabilities are dealt with through the profit and loss account.

Turnover

Turnover represents the aggregate amount of revenue receivable in the ordinary course of business principally from the activity of tour operating in the UK. Turnover excludes intra-company transactions and is stated net of commission and discounts. Revenue is recognised on the date of departure and the related costs of holidays and flights are charged to the profit and loss account on the same basis. Turnover by destination is not materially different from such turnover by origin.

Related parties

The Company has taken advantage of the exemption contained in Financial Reporting Standard No. 8 "Related Party Disclosure" as it is a wholly owned subsidiary of First Choice Holidays PLC. Therefore the Company has not disclosed transactions or balances with entities which form part of the group headed by First Choice Holidays PLC.

12. BAKERS DOLPHIN GROUP TOURS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2001

2. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit on ordinary activities before taxation are attributable to the principal activity of tour operating.

All turnover is considered to have originated in the United Kingdom.

Profit on ordinary activities before taxation is stated after charging/ (crediting):

	Year ended 31 October 2001	Year ended 31 October 2000
	£'000	£'000
Depreciation of tangible fixed assets	19	5
Auditors' remuneration – audit fees	—	<u>1</u>

3. STAFF COSTS

Particulars of employees (including executive directors) are as shown below:

	Year ended 31 October 2001	Year ended 31 October 2000
	£'000	£'000
Staff costs during the period were as follows:		
Wages and salaries	154	264
Social security costs	22	25
Pension costs	<u>3</u>	<u>1</u>
	<u>179</u>	<u>290</u>

The average weekly number of people employed by the Company during the period was as follows:

Headcount by department

	2001 Total	2000 Total
Selling	5	11
Administration and operations	<u>2</u>	<u>5</u>
	<u>7</u>	<u>16</u>

13. BAKERS DOLPHIN GROUP TOURS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 October 2001

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge in the 31 October 2001 accounts can be summarised as follows:

	2001 £'000	2000 £'000
Tax on profit on ordinary activities:		
i) Analysis of charge in year		
Current tax:		
UK corporation tax on profits of the year	17	56
Adjustment in respect of previous periods:	-	-
	<u>17</u>	<u>56</u>
Total current tax		
Deferred tax	-	-
Tax on profit on ordinary activities	<u>17</u>	<u>56</u>

ii) Factors affecting tax charge for year

Differences between the tax charge for the year and the standard rate of corporation tax are explained below:

	2001 £'000	2000 £'000
Profit on ordinary activities before tax	57	187
Profit on ordinary activities at the standard rate of UK		
Corporation tax of 30% (2000: 30%)	17	56
Effects of:		
- Capital allowances for year in excess of depreciation	-	-
	<u>17</u>	<u>56</u>
Current tax charge for year		

14. BAKERS DOLPHIN GROUP TOURS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 October 2001

5. TANGIBLE FIXED ASSETS

	Motor vehicles £'000	Computers, furniture, fittings & equipment £'000	Total £'000
Cost			
At 1 November 2000	24	35	59
Addition	-	-	-
At 31 October 2001	24	35	59
Depreciation			
At 1 November 2000	16	24	40
Provided in the year	8	11	19
At 31 October 2001	24	35	59
Net book amounts			
At 31 October 2001	<u>-</u>	<u>-</u>	<u>-</u>
At 31 October 2000	<u>8</u>	<u>11</u>	<u>19</u>

6. INVESTMENTS IN SUBSIDIARY UNDERTAKING

	31 October 2001 £'000	31 October 2000 £'000
Investment in subsidiary undertaking at cost	2	2

The subsidiary undertaking of the Company, in which it holds 100% of the share capital, is as follows:

	PRINCIPAL ACTIVITY
TSI Transport Ltd	Dormant

7. DEBTORS

	31 October 2001 £'000	31 October 2000 £'000
Trade debtors	2	42
Amounts owed by subsidiary undertakings	176	81
Other debtors	-	3
Prepayments and accrued income	<u>179</u>	<u>3</u>
	<u>357</u>	<u>129</u>

15. BAKERS DOLPHIN GROUP TOURS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 October 2001

8. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 October 2001	31 October 2000
	£'000	£'000
Trade creditors	56	37
Amounts owed to subsidiary undertakings	-	869
Tax creditors	35	-
Accruals and deferred income	116	92
Other creditors	<u>-</u>	<u>3</u>
	<u>207</u>	<u>1,001</u>

9. CALLED UP SHARE CAPITAL

	31 October 2001	31 October 2000
	£'000	£'000
Authorised		
200,000 ordinary shares of £1 each	<u>200</u>	<u>200</u>
Allotted, called up and fully paid		
120,000 ordinary shares of £1 each	<u>120</u>	<u>120</u>

10. PROFIT AND LOSS ACCOUNT

	31 October 2001	31 October 2000
	£'000	£'000
Retained profit at 1 November	118	(13)
Result for the financial year	<u>40</u>	<u>131</u>
Retained profit at 31 October	<u>158</u>	<u>118</u>

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 October 2001	31 October 2000
	£'000	£'000
Profit for the period	<u>40</u>	131
Shareholders' funds at 1 November	<u>238</u>	<u>107</u>
Shareholders' funds at 31 October	<u>278</u>	<u>238</u>

16. BAKERS DOLPHIN GROUP TOURS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 October 2001

12. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The Company had no capital commitments at 31 October 2001 or at 31 October 2000.

13. ULTIMATE PARENT UNDERTAKING

First Choice Holidays PLC, a company registered in England and Wales, is the ultimate parent company. The immediate holding company is JNB (Bristol) Limited. First Choice Holidays PLC is the parent undertaking, of the largest and smallest group of which Bakers Dolphin Group Tours Limited is a member and for which group accounts are drawn up. Copies of these group accounts are available from the Company Secretary First Choice House, London Road, Crawley, West Sussex, RH10 9GX.