

Bakers Dolphin Group Tours Limited

**Directors' report and financial
statements**

Registered number 1000477

Year ended 31 October 1999



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Directors' report

The directors present their annual report together with the financial statements for the year ended 31 October 1999.

Principal activity

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

Business review

During the year the Company continued to undertake its principal activity and will continue to do so for the foreseeable future.

Result and proposed dividend

The profit for the year after taxation was £13,058 (1998: £43,296). The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors at the date of this report are:

D Howell
K C Ivie (appointed 25 April 2000)
S McLeod (appointed 25 April 2000)

Other directors who served in the year were as follows:

K F Abbey (resigned 25 April 2000)
D Litten (resigned 29 February 2000)
P J Long (resigned 25 April 2000)

The interests of K F Abbey who is also a director of the immediate parent undertaking JNB (Bristol) Limited, are disclosed in that Company's accounts.

The share interests and options of D Howell are disclosed in the accounts of the ultimate parent undertaking, First Choice Holidays PLC.

None of the directors nor their families had any beneficial interest in the shares of the Company during the year.

Year 2000 Strategy

The parent Company, First Choice Holidays PLC, initiated a programme throughout the Group to meet the challenges posed by the year 2000 issue. This established a dedicated team to identify the risks arising due to the Year 2000 and to formulate a strategy and procedures to ensure that such risks are minimised or eliminated as appropriate.

Directors' report *(continued)*

Political & charitable contributions

The Company made no political contributions or charitable donations during the year.

Policy and practice on payment of creditors

It is the Company's policy that payments to suppliers, whether in advance or after the provision of the goods and services, are made on the basis of the terms that have been agreed with them.

Creditor days at 31 October 1999 amounted to 16 days (*1998: 26 days*).

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 Plc will continue in office as auditors.

By order of the board



R J G Starling
Secretary

27 July 2000

First Choice House
London Road
Crawley
West Sussex
RH10 2GX

Statement of 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 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;
- 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.



KPMG Audit Plc
100 Temple Street
Bristol
BS1 6AG
United Kingdom

Report of the auditors to the members of Bakers Dolphin Group Tours Limited

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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. 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 1999 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
Chartered Accountants
Registered Auditors

Dated: 27 July 2000.

Profit and loss account
for the year ended 31 October 1999

| | <i>Note</i> | 1999 £000 | 1998 £000 |
|------------------------------------------------------|-------------|----------------------------|----------------------------|
| Turnover | 2 | 1,462 | 1,652 |
| <i>Cost of sales</i> | | <u>(1,175)</u> | <u>(1,407)</u> |
| Gross profit | | 287 | 245 |
| Administrative expenses | | (295) | (205) |
| Other operating income | | <u>14</u> | <u>6</u> |
| Operating profit | | 6 | 46 |
| Other interest receivable and similar income | 3 | <u>7</u> | <u>11</u> |
| Profit on ordinary activities before taxation | 2-4 | 13 | 57 |
| Taxation | 5 | <u>-</u> | <u>(14)</u> |
| Profit for the financial year | 14 | <u>13</u> | <u>43</u> |

All results arose from continuing activities

There were no recognised gains or losses other than the profit for either financial year.

Balance sheet
at 31 October 1999

| | Note | 1999 £000 | 1998 £000 |
|-------------------------------------------------------|------|--------------|--------------|
| Fixed assets | | | |
| Investments | 6 | 2 | 2 |
| Tangible assets | 7 | 24 | 29 |
| | | <u>26</u> | <u>31</u> |
| Current assets | | | |
| Stocks | 8 | 1 | - |
| Debtors | 9 | 186 | 361 |
| Cash at bank and in hand | | 421 | 2 |
| | | <u>608</u> | <u>363</u> |
| Creditors: amounts falling due within one year | 10 | (527) | (300) |
| Net current assets | | <u>81</u> | <u>63</u> |
| Net assets | | <u>107</u> | <u>94</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 120 | 120 |
| Profit and loss account | 13 | (13) | (26) |
| Equity shareholder's funds | 14 | <u>107</u> | <u>94</u> |

These financial statements were approved by the Board of Directors on 27 July 2000 and were signed on its behalf by:



Kevin Ivie
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

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

Basis of consolidation

The Company is exempt from preparing consolidated financial statements on the grounds that it is a wholly owned subsidiary and is included in the consolidated accounts of its ultimate parent undertaking, First Choice Holidays PLC. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Turnover

Turnover is the total amount receivable by the Company for services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost less the estimated residual value of all tangible fixed assets over their expected useful lives. The rates and periods generally applicable are:

| | |
|-------------------------|---------------------------------|
| Furniture and equipment | 10% per annum straight line |
| Computer equipment | 33 1/3% per annum straight line |
| Vehicles | 25% per annum reducing balance |

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided using the liability method for all material timing differences to the extent that the liability is expected to crystallise in the foreseeable future.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

Notes (continued)

Contributions to pension fund

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Cash flow statement

The Company is exempt from the requirements of Financial Reporting Standard 1 (revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary of First Choice Holidays PLC. The consolidated financial statements of First Choice Holidays PLC, which include the Company are publicly available.

2 Turnover and profit on ordinary activities before taxation

Turnover and profit on ordinary activities before taxation are attributable to the sale of organised tours.

The profit on ordinary activities is stated after charging:

| | 1999 £000 | 1998 £000 |
|--------------------------------------------|-------------------|-------------------|
| Auditors' remuneration | 1 | 1 |
| Depreciation - owned tangible fixed assets | 8 | 8 |
| | <u> </u> | <u> </u> |

3 Other interest receivable and similar income

| | 1999 £000 | 1998 £000 |
|---------------------------|-------------------|-------------------|
| Other interest receivable | 7 | 11 |
| | <u> </u> | <u> </u> |

4 Directors and employees

Staff costs during the year were as follows:

| | 1999 £000 | 1998 £000 |
|--------------------------------|-------------------|-------------------|
| Wages and salaries | 297 | 207 |
| Social security costs | 27 | 19 |
| Pension costs | 2 | 2 |
| Educational and staff expenses | 12 | 7 |
| | <u> </u> | <u> </u> |
| | 338 | 235 |
| | <u> </u> | <u> </u> |

Notes (continued)

Directors and employees (continued)

The average number of employees (including directors) of the Company during the year was 20 (1998: 19) made up as follows:

| | 1999 Number | 1998 Number |
|-------------------------------|----------------|----------------|
| Administration and management | 7 | 8 |
| Sales | 13 | 11 |
| | <hr/> | <hr/> |
| | 20 | 19 |
| | <hr/> | <hr/> |

Directors received no remuneration from this Company.

5 Taxation

| | 1999 £000 | 1998 £000 |
|----------------------------------------|--------------|--------------|
| The taxation charge represents: | | |
| Corporation tax at 30.4% (1998: 21.9%) | - | 14 |
| | <hr/> | <hr/> |

6 Fixed asset investment

The Company has acquired the whole of the share capital of TSI Transport Limited. The nature of the business is that of the provision of transport services.

The aggregate amount of the capital and reserves of TSI Transport Limited at 31 October 1999 was £7,000 (1998: £4,000). The profit for the period ended 31 October 1999 was £3,000 (1998: £1,000).

Notes (continued)

7 Tangible fixed assets

| | Computers, furniture and equipment £000 | Vehicles £000 | Total £000 |
|------------------------|--------------------------------------------------|------------------|---------------|
| <i>Cost</i> | | | |
| At beginning of year | 32 | 24 | 56 |
| Additions | 3 | - | 3 |
| | <hr/> | <hr/> | <hr/> |
| At end of year | 35 | 24 | 59 |
| | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | |
| At beginning of year | 17 | 10 | 27 |
| Charge for the year | 4 | 4 | 8 |
| | <hr/> | <hr/> | <hr/> |
| At end of year | 21 | 14 | 35 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value.</i> | | | |
| At 31 October 1999 | 14 | 10 | 24 |
| | <hr/> | <hr/> | <hr/> |
| At 31 October 1998 | 15 | 14 | 29 |
| | <hr/> | <hr/> | <hr/> |

8 Stocks

| | 1999 £000 | 1998 £000 |
|------------------------|--------------|--------------|
| Promotional literature | 1 | - |
| | <hr/> | <hr/> |

9 Debtors

| | 1999 £000 | 1998 £000 |
|------------------------------------|--------------|--------------|
| Trade debtors | 16 | 83 |
| Amounts owed by group undertakings | 154 | 269 |
| Prepayments and accrued income | 13 | 9 |
| Other debtors | 3 | - |
| | <hr/> | <hr/> |
| | 186 | 361 |
| | <hr/> | <hr/> |

All debtors fall due within one year.

Notes (continued)

10 Creditors: amounts falling due within one year

| | 1999 £000 | 1998 £000 |
|------------------------------------|--------------|--------------|
| Bank loans and overdrafts | - | 89 |
| Trade creditors | 45 | 101 |
| Amounts owed to group undertakings | 346 | 2 |
| Corporation tax | - | 14 |
| Social security and other taxes | - | 5 |
| Other creditors | 19 | 4 |
| Accruals and deferred income | 115 | 85 |
| | <u>527</u> | <u>300</u> |

11 Provisions for liabilities and charges

No provision is required for deferred taxation

12 Share capital

| | 1999 £000 | 1998 £000 |
|-------------------------------------------|--------------|--------------|
| <i>Authorised:</i> | | |
| 200,000 ordinary shares of £1 each | <u>200</u> | <u>200</u> |
| <i>Allotted, called up and fully paid</i> | | |
| 120,000 ordinary shares of £1 each | <u>120</u> | <u>120</u> |

13 Reserves

| | 1999 £000 | 1998 £000 |
|--------------------------------|--------------|--------------|
| Profit and loss account | | |
| At beginning of year | (26) | (69) |
| Retained profit for year | 13 | 43 |
| | <u>(13)</u> | <u>(26)</u> |

Notes (continued)

14 Reconciliation of movements in shareholders' funds

| | 1999 £000 | 1998 £000 |
|----------------------------------------|--------------|--------------|
| Profit for the financial year (page 6) | 13 | 43 |
| Opening shareholders funds | 94 | 51 |
| | <hr/> | <hr/> |
| Closing shareholders funds | 107 | 94 |
| | <hr/> | <hr/> |

15 Capital commitments

The Company had no capital commitments at 31 October 1999 or at 31 October 1998.

16 Contingent liabilities

There were the following contingent liabilities at 31 October 1999:

- i) The Company has bonds outstanding to third parties totalling £712,500 (1998: £167,500).
- ii) The Company has given an unlimited guarantee in respect of bank borrowings of J N B (Bristol) Limited. At 31 October 1999 amounts outstanding were £Nil (1998: £2,402,734).

17 Transactions with related parties

The Company is exempt from the requirements of Financial Reporting Standard No. 8 to disclose detail of transactions with entities that are part of the group or investees qualifying as related parties, as 90% or more of the voting rights of the Company's shares are controlled within the group and the consolidated financial statements of the group, which include the Company, are publicly available.

18 Ultimate parent Company and parent undertaking of larger group of which the Company is a member

First Choice Holidays PLC, a company registered in England and Wales, is the ultimate parent company. First Choice Holidays PLC is the parent undertaking of the largest and smallest group of which Bakers Dolphin Group Tours is a member and for which group accounts are drawn up. Copies of these group accounts are available from the Company Secretary, First Choice Holidays PLC, First Choice House, London Road, Crawley, West Sussex, RH10 2GX.

19 Pensions

The Company operates a defined contribution pension scheme. The pension costs charged for the year represents contributions payable by the Company to the fund and amounts to £1,860 (1998: £1,860). The assets of the scheme are administered by Trustees in a fund independent from those of the Company.