

Sunsail Limited

Report and Financial Statements

Year Ended

31 October 2000

Company Registration Number 1239190



SUNSAIL LIMITED

Annual report and financial statements for the year ended 31 October 2000

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Directors and Company information

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Directors

A Howard
C R C Gordon
M R West
R J H Green

Secretary and registered office

J Walter
Sunsail Limited, The Port House, Port Solent, Portsmouth, Hampshire, PO6 4TH

Company number

1239190

Auditors

KPMG Audit Plc, 8 Salisbury Square, London, EC4Y 8BB

SUNSAIL LIMITED

Report of the directors for the year ended 31 October 2000

The directors present their report together with the audited financial statements for the year ended 31 October 2000.

Activities and results

The profit on ordinary activities after taxation amounted to £1,495,000 (1999 - £1,153,000).

The directors do not recommend the payment of a dividend (1999 - £Nil).

Principal activities, trading review and future developments

The Company is principally engaged in promoting and providing sailing and club holidays. The Company is expanding its club programme and yachting destinations and the directors anticipate a growth of both turnover and pre-tax profitability.

Euro

The Company's systems are considered capable of handling the Euro as another currency.

Directors and their interests

The directors at the date of this report are:

C R C Gordon
S A Gordon (resigned 2 November 2000)
R J H Green
A G D Howard
M R West (appointed 2 November 2000)

None of the directors had any beneficial interest on the shares of the Company at any time during the year. As at 31 October 2000, the interests of the Directors in the ordinary share capital of the ultimate parent Company, First Choice Holidays PLC, were as follows:

	Ordinary Shares			Options		Restricted Shares		
	31 October 1999**	31 October 2000	31 October 1999**	Granted	Exercised	31 October 2000	31 October 1999	31 October 2000
A G Howard	66,813	115,454	-	4,426	-	4,426	-	17,182
C R C Gordon*	4,428,498	5,600,205	-	4,426	-	4,426	-	94,909
M R West	56,183	66,610	-	6,270	-	6,270	-	14,727
R J H Green	1,442,575	1,502,500	-	4,426	-	4,426	-	19,309
S A Gordon*	4,428,498	5,600,205	-	4,426	-	4,426	-	14,727

* The ordinary share holdings of C R C Gordon and S A Gordon are held jointly

** Or as at date of appointment or later.

SUNSAIL LIMITED

Report of the directors for the year ended 31 October 2000 (continued)

Share options granted to the Directors and outstanding at the year end under the Restricted Share Plan and SAYE Scheme are set out below.

		No of Shares	Options Exercise Price (p)	Date First Exercisable
A G Howard	Restricted Share Plan	17,182	N/A	15 December 2002
	SAYE Scheme	4,426	97.6	1 October 2003
C R C Gordon	Restricted Share Plan	94,909	N/A	15 December 2002
	SAYE Scheme	4,426	97.6	1 October 2003
M R West	Restricted Share Plan	14,727	N/A	15 December 2002
	SAYE Scheme	6,270	97.6	1 October 2003
R J H Green	Restricted Share Plan	19,309	N/A	15 December 2002
	SAYE Scheme	4,426	97.6	1 October 2005
S A Gordon	Restricted Share Plan	14,727	N/A	15 December 2002
	SAYE Scheme	4,426	97.6	1 October 2003

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

Policy and practice on payment of suppliers

It is the Company's policy wherever possible to agree terms of payment with suppliers in advance to ensure that suppliers are made aware of the terms of payment and both parties abide by those terms. At the year end the Company's average creditor payment days was 15 (1999- 12).

Auditors

In accordance with Section 384 of the Companies Act 1985, our resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forth coming Annual General Meeting.

By order of the Board



.....
R J H Green
Director

Dated 27 April 2001

SUNSAIL LIMITED

Statement of directors' responsibilities

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;
- state whether applicable accounting standards have been followed, subject to any material departure 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 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.

SUNSAIL LIMITED

Report of the auditors

Report of the auditors, KPMG Audit Plc, to the members of Sunsail Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditor

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 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 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 2000 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 Auditor

Dated 27 April 2001

SUNSAIL LIMITED

Profit and loss account for the year ended 31 October 2000

	Note	2000 £'000	1999 £'000
Turnover	2	36,890	32,017
Cost of sales		(30,995)	(25,990)
Gross profit		5,895	6,027
Distribution costs		(1,538)	(1,317)
Administrative expenses		(1,933)	(3,242)
Operating profit		2,424	1,468
Interest receivable and similar income	6	1	29
Interest payable and similar charges	7	(109)	(6)
Profit on ordinary activities before taxation	3	2,316	1,491
Tax on profit on ordinary activities	8	(821)	(338)
Retained profit for the financial year	16	1,495	1,153

A note on historical profits and losses has not been included as part of these financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis.

The results stated above are all derived from continuing operations.


There are no recognised gains and losses other than those included in the profit and loss account.

SUNSAIL LIMITED

Balance sheet at 31 October 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	9	2,766	2,906
Current assets			
Stocks	11	196	204
Debtors	12	23,614	9,700
Cash at bank and in hand		63	252
		<u>23,873</u>	<u>10,156</u>
Creditors: amounts falling due within one year	13	(19,701)	(7,319)
Net current assets		<u>4,172</u>	<u>2,837</u>
Total assets less current liabilities		<u>6,938</u>	<u>5,743</u>
Provision for liabilities and charges	14	(7)	(307)
Net assets		<u><u>6,931</u></u>	<u><u>5,436</u></u>
Capital and reserves			
Called up share capital	15	66	66
Profit and loss account	16	6,865	5,370
Shareholders' funds	17	<u><u>6,931</u></u>	<u><u>5,436</u></u>

The financial statements were approved by the Board on 27 April 2001



R J H Green
Director

SUNSAIL LIMITED

Notes forming part of the financial statements for the year ended 31 October 2000

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 United Kingdom accounting standards and under the historical cost convention. The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of First Choice Holidays PLC, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of First Choice Holidays PLC, within which this Company is included, can be obtained from the address given in note 20.

Tangible fixed assets

Depreciation is calculated on a straight line basis to write off the cost, less estimated residual values, of tangible fixed assets over their estimated useful lives to the business. Estimated useful lives are as follows:

Yacht and dinghy fleet	4 – 15 years
Motor vehicles	4 years
Club leasehold improvements	Over term of lease
Office furniture and equipment	7 – 10 years

Leases

Operating rentals are charged to profit and loss on a straight line basis over the period of the lease.

Stock

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on estimated selling price, less any further costs of realisation.

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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

SUNSAIL LIMITED

Notes forming part of the financial statements for the year ended 31 October 2000 (Continued)

1 Accounting policies (continued)

Client monies received in advance

Client Monies Received at balance sheet date relating to holidays commencing and flights departing after the year-end are included in Creditors.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling on the balance sheet date. Transactions in foreign currencies are recorded at the exchange rate prevailing in the month in which they arise. Differences arising due to exchange fluctuations have been reflected in the profit and loss account.

2 Turnover

Turnover represents the total amount, excluding value added tax, invoiced by the Company in respect of services provided in the ordinary course of business and arises primarily in the United Kingdom.

3 Profit on ordinary activities before taxation

	2000 £'000	1999 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation on fixed assets	553	522
Loss/(profit) on disposal of fixed assets	6	(28)
Operating lease rentals – yachts	534	497
Operating lease rentals - land and buildings	1,308	1,318
Auditor's remuneration	28	14
	<u> </u>	<u> </u>

4 Staff costs

	2000 £'000	1999 £'000
Staff costs consist of:		
Wages and salaries	2,141	1,661
Social security costs	131	92
	<u> </u>	<u> </u>
	2,272	1,753
	<u> </u>	<u> </u>

SUNSAIL LIMITED

Notes forming part of the financial statements for the year ended 31 October 2000 (*Continued*)

4 Staff costs (*Continued*)

	2000 Number	1999 Number
The average number of employees during the year was:		
Selling and administration	63	60
Operations	234	202
	<u>297</u>	<u>262</u>

5 Directors' emoluments

	2000 £'000	1999 £'000
The emoluments received by directors of the Company from Sunsail Worldwide Sailing Limited in respect of their services to this Company were as follows:		
Aggregate emoluments	211	197
	<u>72</u>	<u>68</u>
Highest paid director		

6 Interest receivable and similar income

	2000 £'000	1999 £'000
Bank and other interest	1	1
Exchange gains	-	28
	<u>1</u>	<u>29</u>

7 Interest payable and similar charges

	2000 £'000	1999 £'000
Interest on bank overdrafts	5	6
Exchange losses	104	-
	<u>109</u>	<u>6</u>

SUNSAIL LIMITED

Notes forming part of the financial statements for the year ended 31 October 2000 (*Continued*)

8 Tax on profit from ordinary activities

	2000 £'000	1999 £'000
UK corporation tax at 30% (1999 – 30.42%) arising on the profit for the year adjusted for tax purposes	784	185
Adjustments in respect to prior year	337	-
Overseas taxation	-	-
Deferred tax	(300)	153
	<hr/>	<hr/>
Tax charge for the year	821	338
	<hr/> <hr/>	<hr/> <hr/>

9 Tangible assets

	Yacht and dinghy fleet £'000	Motor vehicles £'000	Club leasehold improvement £'000	Office furniture and equipment £'000	Total £'000
<i>Cost</i>					
1 November 1999	3,526	166	1,580	245	5,517
Transfer from subsidiary	36	1	-	-	37
Additions	221	14	198	21	454
Disposals	(151)	(9)	(2)	(4)	(166)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2000	3,632	172	1,776	262	5,842
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
1 November 1999	1,766	118	565	162	2,611
Transfer from subsidiary	25	-	-	-	25
Charge for the year	288	27	214	24	553
Disposals	(101)	(9)	-	(3)	(113)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2000	1,978	136	779	183	3,076
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 October 2000	1,654	36	997	79	2,766
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 October 1999	1,760	48	1,015	83	2,906
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SUNSAIL LIMITEDNotes forming part of the financial statements for the year ended 31 October 2000 *(Continued)***10 Investments**

Subsidiary undertakings are all dormant and therefore have not been listed.

11 Stocks

	2000	1999
	£'000	£'000
Raw materials and consumables	196	204
	<u> </u>	<u> </u>

12 Debtors

	2000	1999
	£'000	£'000
Trade debtors	63	49
Amounts owed by group undertakings	22,874	8,396
Amounts owed by fellow subsidiaries	4	-
Other debtors	-	85
Prepayments and accrued income	673	1,170
	<u> </u>	<u> </u>
	23,614	9,700
	<u> </u>	<u> </u>

13 Creditors: amounts falling due within one year

	2000	1999
	£'000	£'000
Payments received on account	2,572	2,854
Trade creditors	222	166
Amounts owed to group undertakings	10,921	2,928
Amounts owed to fellow subsidiaries	4,772	333
Other creditors including taxation and social security	469	284
Accruals and deferred income	745	754
	<u> </u>	<u> </u>
	19,701	7,319
	<u> </u>	<u> </u>

SUNSAIL LIMITED

Notes forming part of the financial statements for the year ended 31 October 2000 (*Continued*)

14 Provisions for liabilities and charges

	£'000 Other	£'000 ACA	£'000 Total
Deferred taxation - accelerated capital allowances:			
1 November 1999	(5)	312	307
Movement during the year	(12)	(288)	(300)
	<hr/>	<hr/>	<hr/>
At 31 October 2000	(17)	24	7
	<hr/>	<hr/>	<hr/>

The unprovided potential liability to deferred taxation is £Nil (1999 - £Nil) in respect of accelerated capital allowances.

15 Share capital

	2000		1999	
	Number	Nominal value £'000	Number	Nominal value £'000
<i>Authorised</i>				
Ordinary shares of 5p each	1,600,000	80	1,600,000	80
		<hr/>		<hr/>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of 5p each	1,327,956	66	1,327,956	66
		<hr/>		<hr/>

SUNSAIL LIMITED

Notes forming part of the financial statements for the year ended 31 October 2000 (*Continued*)

16 Reserves

	Profit and loss account £'000
At 1 November 1999	5,370
Profit for the year	1,495
	<hr/>
At 31 October 2000	6,865
	<hr/> <hr/>

17 Reconciliation of movement in shareholders' funds

	2000 £'000	1999 £'000
Profit for the financial year	1,495	1,153
	<hr/>	<hr/>
Net addition to shareholders' funds	1,495	1,153
Opening shareholders' funds	5,436	4,283
	<hr/>	<hr/>
Closing shareholders' funds	6,931	5,436
	<hr/> <hr/>	<hr/> <hr/>

All shareholders' funds relate to equity interests.

SUNSAIL LIMITED

Notes forming part of the financial statements for the year ended 31 October 2000 (Continued)

18 Capital and other commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	2000	1999
	£'000	£'000
Operating leases expiring:		
Within one year	173	541
Between two and five years	545	369
More than five years	971	428
	<hr/>	<hr/>
	1,689	1,338
	<hr/>	<hr/>

At the balance sheet date, there was £Nil (1999 - £Nil) of capital expenditure authorised but not contracted, and £Nil (1999 - £Nil) of capital expenditure contracted but not provided for.

19 Related party transactions

As demanded by the Civil Aviation Authority, certain directors of Sunsail Worldwide Sailing Limited and Sunsail Limited are required to give personal guarantees to maintain the ATOL Licences in order for the Company to continue to trade. C R C Gordon and R J H Green have given these guarantees.

No disclosure has been made of transactions with group undertakings as advantage has been taken of the exemption within FRS 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 that form part of the group headed by First Choice Holidays PLC.

20 Ultimate Parent Company

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 Sunsail 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 Holidays PLC, First Choice House, London Road, Crawley, West Sussex, RH10 2GX.