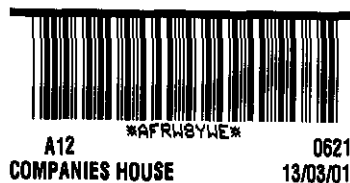


Superbreak Mini-Holidays Limited

Annual report and accounts
for the year ended 30 September 2000

Registered number: 1674987



Directors' report

For the year ended 30 September 2000

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 30 September 2000.

Principal activity and business review

The principal activity of the company continues to be that of a tour and travel operator.

The directors expect the current level of activity to improve.

Results and dividends

The audited accounts for the year ended 30 September 2000 are set out on pages 6 to 16. The profit for the year after taxation was £2,999,487 (1999 - £2,612,348).

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

Directors and their interests

The directors who served during the year were as follows:

M.C. Wray
N.P. Cust
R.W. Atkinson
R.G. Baddeley
J.R. Crew
F. Regan
I. P. Mounser
R.A.P. Jones

Messrs. Wray, Cust, Atkinson, Baddeley and Crew also served as directors of the ultimate parent company, Holidaybreak plc. Their beneficial interests in group companies are disclosed in the accounts of Holidaybreak plc.

Directors' report (continued)

Directors and their interests (continued)

The interests of those directors who are not also directors of the ultimate parent company in share options of Holidaybreak plc at 30 September 2000 were as follows:

	At 1 October 1999	Exercised	Granted	At 30 September 2000
1991 Executive Scheme				
R.A.P. Jones	11,472	-	-	11,472
I.P. Mounser	14,759	-	-	14,759
F. Regan	14,759	(4,759)	-	10,000
	<hr/>	<hr/>	<hr/>	<hr/>
	At 1 October 1999	Exercised	Granted	At 30 September 2000
1991 Savings Related Scheme				
R.A.P. Jones	4,514	-	-	4,514
I.P. Mounser	612	-	-	612
F. Regan	-	-	1,537	1,537
	<hr/>	<hr/>	<hr/>	<hr/>
	At 1 October 1999	Exercised	Granted	At 30 September 2000
1996 Unapproved Scheme ("A" Options)				
R.A.P. Jones	28,528	-	-	28,528
I.P. Mounser	35,241	-	-	35,241
F. Regan	35,241	-	-	35,241
	<hr/>	<hr/>	<hr/>	<hr/>
	At 1 October 1999	Exercised	Granted	At 30 September 2000
1996 Unapproved Scheme ("B" Options)				
R.A.P. Jones	-	-	16,666	16,666
I.P. Mounser	-	-	11,250	11,250
F. Regan	-	-	13,750	13,750
	<hr/>	<hr/>	<hr/>	<hr/>

On 27 December 2000, "B" Options over ordinary 5p shares in Holidaybreak plc were granted under the 1996 Unapproved Scheme as follows:

	Number of Shares
1996 Unapproved Scheme ("B" Options)	
R.A.P. Jones	21,227
I.P. Mounser	13,985
F. Regan	12,478
	<hr/>

On 27 December 2000, Mr. F. Regan was granted an option over 3,130 ordinary 5p shares in Holidaybreak plc under the 1991 Executive Scheme.

Directors' report (continued)

Directors and their interests (continued)

On 3 January 2001, Mr. I.P. Mounser exercised an option over 612 ordinary 5p shares in Holidaybreak plc under the 1991 Savings Related Scheme. In addition, on 4 January 2001, he exercised options over 2,259 ordinary 5p shares in Holidaybreak plc under the 1991 Executive Scheme and 5,241 ordinary 5p shares in Holidaybreak plc under the 1996 Unapproved Scheme.

None of the directors had any other interests which are required to be disclosed under Schedule 7 of the Companies Act 1985.

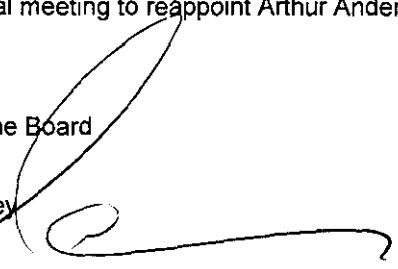
Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

60 Piccadilly
York
YO1 9WX

By order of the Board

R.G. Baddeley
Secretary



5 January 2001

Statement of directors' responsibilities

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 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.

To the Shareholders of Superbreak Mini-Holidays Limited:

We have audited the accounts on pages 6 to 16 which have been prepared under the historical cost convention and using the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts 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.

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 circumstances of the company, 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 at 30 September 2000 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

5 January 2001

Profit and loss account

For the year ended 30 September 2000

	Notes	2000 £	1999 £
Turnover		46,054,233	38,696,650
Cost of sales		(37,312,299)	(31,181,183)
Gross profit		8,741,934	7,515,467
Administrative expenses		(4,475,767)	(3,796,746)
Operating profit		4,266,167	3,718,721
Investment income	4	28,515	21,401
Profit on ordinary activities before taxation	2	4,294,682	3,740,122
Tax on profit on ordinary activities	5	(1,295,195)	(1,127,774)
Profit for the financial year	11	2,999,487	2,612,348

All activity arose from continuing operations.

There are no recognised gains or losses in either year other than the profit for that year.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet
30 September 2000

	Notes	2000 £	1999 £
Fixed assets			
Intangible assets goodwill	6	2,741,487	-
Tangible assets	7	549,913	576,427
		<u>3,291,400</u>	
Current assets			
Debtors	8	29,492,593	27,459,389
Cash at bank and in hand		180,784	-
		<u>29,673,377</u>	<u>27,459,389</u>
Creditors: Amounts falling due within one year	9	(18,197,180)	(16,267,706)
Net current assets		<u>11,476,197</u>	<u>11,191,683</u>
Net assets		<u>14,767,597</u>	<u>11,768,110</u>
Capital and reserves			
Called-up share capital	10	10,000	10,000
Profit and loss account		14,757,597	11,758,110
		<u>14,767,597</u>	<u>11,768,110</u>
Equity shareholders' funds	12	<u>14,767,597</u>	<u>11,768,110</u>

Signed on behalf of the Board

R.G. Baddeley

Director

5 January 2001

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

30 September 2000

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

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

Turnover

Turnover represents the amounts receivable in the normal course of business for holidays sold, excluding VAT, together with commissions receivable for ancillary services. Income received prior to the period end in respect of services to be rendered in the following period is deferred to the following period. The turnover and pre-tax profit is wholly attributable to the business of tour and travel operations and arose in the UK.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Intangible assets – goodwill

Goodwill arising representing the excess of the fair value of the consideration given over the fair value of the separate net assets acquired, is capitalised and written off on a straight line basis over its useful economic life, which is assumed to be 20 years.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings	-	25% per annum
Motor vehicles	-	25% per annum
Computer equipment	-	20% per annum

Brochure costs and inclusion fees

Costs directly incurred for the production of brochures less fees received for inclusion in brochures are written off over the season to which they relate.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation has been calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

Notes to accounts (continued)

1 Accounting policies (continued)

Cash flow statement

As permitted by Financial Reporting Standard No. 1, the company has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of Holidaybreak plc which has produced a group cash flow statement in its accounts.

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2000 £	1999 £
Depreciation of tangible fixed assets	165,035	136,986
Amortisation of goodwill	24,200	-
Auditors' remuneration		
- audit work	20,000	20,000
- non-audit work	-	3,500
Staff costs (see note 3)	1,806,967	1,573,291
Operating lease rentals		
- plant and machinery	45,697	52,342
- other	95,415	30,000

3 Staff costs

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

Employee costs during the year amounted to:

	2000 £	1999 £
Wages and salaries	1,616,662	1,411,540
Social security costs	141,264	117,193
Other pension costs	49,041	44,558
	<u>1,806,967</u>	<u>1,573,291</u>

Notes to accounts (continued)

3 Staff costs (continued)

The average monthly number of employees during the year was as follows:

	2000 Number	1999 Number
Operations, sales and marketing	108	99
Accounts	9	9
	<u>117</u>	<u>108</u>

Directors' remuneration:

The employee costs as shown above include the following remuneration in respect of directors of the company:

	2000 £	1999 £
Emoluments	386,191	367,504
Company contributions to money purchase pension schemes	49,041	44,558
	<u>435,232</u>	<u>412,062</u>

The above amounts for remuneration include the following in respect of the highest paid director:

	2000 £	1999 £
Emoluments	89,629	85,679
Company contributions to money purchase pension schemes	22,146	21,225
	<u>111,775</u>	<u>106,904</u>

Pension contributions for five directors (1999 - five directors) were paid to money purchase schemes.

Notes to accounts (continued)

4 Investment income

Investment income comprises:

	2000 £	1999 £
Interest receivable and similar income	<u>28,515</u>	<u>21,401</u>

5 Tax on profit on ordinary activities

The tax charge comprises:

	2000 £	1999 £
UK Corporation tax	<u>1,295,195</u>	<u>1,127,774</u>

At the year end the company has unrecognised deferred tax assets arising from fixed asset timing differences of £6,000 (1999- £7,000).

6 Intangible assets – goodwill

	Total £
Cost	
At 1 October 1999	-
Additions	<u>2,765,687</u>
At 30 September 2000	<u>2,765,687</u>
Depreciation	
At 1 October 1999	-
Charge for the year	<u>24,200</u>
At 30 September 2000	<u>24,200</u>
Net book value	
At 30 September 2000	<u>2,741,487</u>

Notes to accounts (continued)

6 Intangible fixed assets – Goodwill (continued)

Acquisition of businesses

On 17 July 2000 the Company acquired the business of Hotelnet and on 28 September 2000 acquired the business of Rainbow holidays. There were no identifiable assets and liabilities acquired and no fair value adjustments. The total consideration was satisfied by:

	£
Cash	1,715,500
Ordinary shares in Holidaybreak plc	500,000
Expenses	550,187
Total consideration	2,765,687
Net assets acquired	-
Goodwill	2,765,687

It is not possible to accurately identify the profit contribution of the Hotelnet and Rainbow acquisitions to the business, as the integration process during the period meant that effective divisional profit centres had not been fully established.

No trading results are available for Hotelnet and Rainbow Holidays in the periods before acquisition due to the nature of these businesses.

Notes to accounts (continued)

7 Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 October 1999	98,724	158,835	142,656	778,802	1,179,017
Additions	-	10,372	13,819	114,330	138,521
Disposals	-	(4,440)	-	-	(4,440)
At 30 September 2000	98,724	164,767	156,475	893,132	1,313,098
Depreciation					
At 1 October 1999	17,543	118,103	35,238	431,706	602,590
Charge for the year	9,872	18,971	27,396	108,796	165,035
Disposals	-	(4,440)	-	-	(4,440)
At 30 September 2000	27,415	132,634	62,634	540,502	763,185
Net book value					
At 30 September 1999	81,181	40,732	107,418	347,096	576,427
At 30 September 2000	71,309	32,133	93,841	352,630	549,913

8 Debtors

	2000 £	1999 £
Amounts falling due within one year:		
Trade debtors	5,862,290	6,598,695
Amounts owed by group undertakings	21,877,562	19,395,291
Other debtors	863,583	469,773
Prepayments and accrued income	889,158	995,630
	<u>29,492,593</u>	<u>27,459,389</u>

Notes to accounts (continued)

9 Creditors: Amounts falling due within one year

	2000 £	1999 £
Bank overdraft	-	26,535
Amounts owed to group undertakings	500,000	-
Trade creditors	12,158,205	10,345,134
UK corporation tax	837,005	776,288
Other taxation and social security	538,614	514,683
Other creditors	74,466	89,554
Accruals and deferred income	4,088,890	4,515,512
	<u>18,197,180</u>	<u>16,267,706</u>

10 Called-up share capital

	2000 £	1999 £
<i>Authorised</i>		
500,000 ordinary shares of 10p each	<u>50,000</u>	<u>50,000</u>
<i>Allotted, called-up and fully paid</i>		
100,000 ordinary shares of 10p each	<u>10,000</u>	<u>10,000</u>

11 Reserves

	Profit and loss account £
At 1 October 1999	11,758,110
Retained profit for the year	<u>2,999,487</u>
At 30 September 2000	<u>14,757,597</u>

12 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	2,999,487	2,612,348
Opening shareholders' funds	<u>11,768,110</u>	<u>9,155,762</u>
Closing shareholders' funds	<u>14,767,597</u>	<u>11,768,110</u>

Notes to accounts (continued)

13 Financial commitments

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

	2000		1999	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date				
- within one year	-	12,152	-	25,344
- between two and five years	-	47,287	-	19,770
- after five years	97,450	-	97,450	-
	<u>97,450</u>	<u>59,439</u>	<u>97,450</u>	<u>45,114</u>

The company leases certain premises on short term leases. The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The company pays all insurance, maintenance and repairs of these properties.

The company leases certain vehicles on short term leases. The charges payable under these leases are fixed and the company is responsible for the insurance of the vehicles.

14 Contingent Liabilities

The company has authorised its bankers to issue a bank guarantee for £300,000 (1999 - £300,000) in favour of the Rail Settlement Plan Limited.

The company and its parent company are party to a composite accounting agreement, allowing the off-set of cash and overdraft balances.

Notes to accounts (continued)

15 Ultimate parent company

The directors regard Holidaybreak plc, a company incorporated in England and Wales, as the ultimate parent company and the ultimate controlling party.

Holidaybreak plc is the parent company of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from Holidaybreak plc, Hartford Manor, Greenbank Lane, Northwich, Cheshire CW8 1HW.

As a subsidiary undertaking of Holidaybreak plc, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Holidaybreak plc.