

FIRST CHOICE TOUR OPERATIONS LIMITED
(formerly Owners Abroad Tour Operations Limited)

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

for the year ended
31 October 1994

Company Number 1961830



DIRECTORS' REPORT
for the year ended 31 October 1994

FINANCIAL STATEMENTS

The Directors present their report and financial statements of First Choice Tour Operations Ltd, for the year ended 31 October 1994.

On 24 August 1994, the Company changed its name from Owners Abroad Tour Operations Limited to First Choice Tour Operations Limited.

PRINCIPAL ACTIVITY

The principal activity of the Company is to act as an intermediate holding company.

RESULTS AND DIVIDENDS

The Company received dividend income of £290,000 (1993 :£2,015,000) and has not paid a dividend (1993 : £1,500,000).

The amount transferred to reserves is a loss of £8,473,000 (1993:profit £62,000).

FIXED ASSETS

Movements in fixed assets are explained in note 4.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company are:

R P Davies
M B Heald (appointed 1 February 1994)
G Reilly (appointed 8 December 1993)
J MacNeill (appointed 28 February 1994)
D Blastland (resigned 31 March 1994)
P Cudmore (resigned 6 January 1995)
D Johnston (resigned 31 December 1993)
R G Lewis (resigned 31 May 1994)
N Morris (resigned 31 December 1993)
A Rayner (resigned 25 February 1994)
K Waller (resigned 31 December 1993)

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

At 31 October 1994 the interests of the Directors in the share capital of First Choice Holidays PLC, the ultimate parent company, were as follows:

	At 31 October 1994			At 31 October 1993		
	Ordinary Held	shares Under option	Preference shares Held	Ordinary Held	shares Under option	Preference shares Held
P Cudmore	4,596	95,000	648	4,596	95,000	648
R P Davies	2,000	212,410	-	2,000	125,000	-
G Reilly	-	100,248	-	-	-	-
J MacNeill	-	59,406	-	-	-	-

The interests of MB Heald are disclosed in the accounts of First Choice Holidays PLC.

DIRECTORS' INSURANCE

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

DIRECTORS' REPORT
for the year ended 31 October 1994

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.

AUDITORS

Our auditors, KPMG Peat Marwick, have informed us that they will practise under the name KPMG with effect from 6 February 1995. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



P. Buckley
Secretary

3/August 1995

AUDITORS' REPORT
to the members of First Choice Tour Operations Limited

We have audited the financial statements on pages 4 to 7.

Respective responsibilities of directors and auditors

As described in the Directors' Report, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 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 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors
London

31 August, 1995.

PROFIT AND LOSS ACCOUNT
for the year ended 31 October 1994

	Notes	Continuing Activities 1994 £'000	Continuing Activities 1993 £'000
Income from shares in subsidiary companies		291	2,015
Provision for diminution in value of investments		(8,708)	-
Loss on disposal of investments		(55)	-
(Loss)/profit on ordinary activities before taxation		(8,472)	2,015
Tax on (loss)/profit on ordinary activities	3	-	(453)
(Loss)/profit on ordinary activities after taxation		(8,472)	1,562
Dividend		-	(1,500)
Retained (loss)/profit for the year		(8,472)	62
Profit and Loss account brought forward		139	77
Profit and Loss account carried forward		(8,333)	139

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company has no other recognised gains or losses for the year.

HISTORIC COST PROFITS

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

BALANCE SHEET
as at 31 October 1994

	Notes	1994 £'000	1994 £'000	1993 £'000	1993 £000
FIXED ASSETS					
Investments	4		3,407		13,558
CURRENT ASSETS					
Debtors	5	3,986		1,935	
CREDITORS: amounts falling due within one year	6	(15,476)		(15,104)	
Net Current Liabilities			(11,490)		(13,169)
Net (liabilities)/Assets			(8,083)		389
CAPITAL AND RESERVES					
Called up share capital	7		250		250
Profit and loss account			(8,333)		139
Equity Shareholders' funds			(8,083)		389

SHAREHOLDERS' FUNDS

The movement in Shareholders' funds during the year is represented by the retained loss for the year.

The financial statements on pages 4 to 7 were approved by the Board on 5/ August, 1995, and signed on their behalf by:



M B Heald
Director

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 1994

1. ACCOUNTING POLICIES

Basis of preparation

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

The accounts have been prepared on a going concern basis which the directors believe is appropriate, as the ultimate holding company, First Choice Holidays PLC has indicated its willingness to ensure the obligations and liabilities of the company are met as they fall due.

Group financial statements

The Company has not produced group financial statements because it is a wholly owned subsidiary undertaking of a UK company.

Investments

Investments are stated at cost, less provisions for permanent diminution in value.

2. (LOSS)/PROFIT BEFORE TAXATION	1994	1993
	£'000	£'000

Is stated after charging:

Directors' emoluments	-	-
Auditors' remuneration	-	-

3. TAXATION	1994	1993
	£'000	£'000

Tax attributable to franked investment income	-	453
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4. INVESTMENTS	Shares in subsidiary undertakings
	£'000

At 1 November 1993	13,558
Transfers from Group Companies	1,571
Pre-acquisition dividend	(1,959)
Transfers to Group companies	(1,000)
Disposals	(55)
Provision for diminution in value	(8,708)
At 31 October 1994	3,407

Principal operating subsidiaries	% held	Nature of Business	Country of Registration
First Choice Holidays & Flights Ltd	100	Tour Operator	England & Wales
First Choice Eclipse Limited	100	Tour Operator	England & Wales

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 1994 (continued)

5. DEBTORS	1994	1993
	£'000	£'000
Amounts owed by subsidiary companies	3,986	1,935
	<hr/>	<hr/>
6. CREDITORS: amounts falling due within one year	1994	1993
	£'000	£'000
Amounts owed to parent and fellow subsidiary companies	4,503	4,109
Amounts owed to subsidiary companies	10,973	10,995
	<hr/>	<hr/>
	15,476	15,104
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7. CALLED UP SHARE CAPITAL	1994	1993
	£'000	£'000
Authorised, allotted and fully paid 250,000 ordinary shares of £1 each	250	250
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8. ULTIMATE PARENT COMPANY

The Directors regard First Choice Holidays PLC, a company registered in England and Wales as the ultimate parent company.

First Choice Holidays PLC is the parent undertaking of the largest and smallest group of which First Choice Tour Operations Limited is a member and for which group accounts are drawn up. Copies of those group accounts are available from, the Company Secretary, First Choice Holidays PLC, First Choice House, London Road, Crawley, West Sussex, RH10 2GX.