



**First Choice**

**FIRST CHOICE TOUR OPERATIONS  
LIMITED**

**DIRECTORS' REPORT  
AND  
FINANCIAL STATEMENTS**

**For the year ended  
31 October 2001**



**Company Number 1961830**

## **FIRST CHOICE TOUR OPERATIONS LIMITED**

### **DIRECTORS' REPORT for the year ended 31 October 2001**

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#### **FINANCIAL STATEMENTS**

The Directors present their report and financial statements of First Choice Tour Operations Limited for the year ended 31 October 2001.

#### **PRINCIPAL ACTIVITY**

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

#### **RESULTS AND DIVIDENDS**

During the year the Company received no dividend income. The profit after taxation for the year was £nil (2000: £nil). The Company did not conduct any business activity in the year. 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:

First Choice Holidays & Flights Limited

A Martin

appointed 28 September 2001

H Thomas

Other directors who served in the year are as follows:

D Howell

resigned 3 May 2001

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

As at 31 October 2001, the interests of the Directors in the share capital of First Choice Holidays PLC, the ultimate parent Company, were as follows:

	-----Shares-----		-----Options-----				-----Restricted Shares-----			
	31 October 2001	31 October 2000	31 October 2000	Granted	Exercised	31 October 2001	31 October 2000	Granted	Exercised	31 October 2001
Ordinary Shares										
H Thomas	29,056	39,199	6,601	-	-	6,601	29,467	89,431	6,760	112,138

On 23 October 2001 Hywel Thomas exercised 6,760 share options in respect of the Restricted Share Plan.

## **FIRST CHOICE TOUR OPERATIONS LIMITED**

### **DIRECTORS' REPORT (Cont'd) for the year ended 31 October 2001**

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

	No. of shares	Option exercise price(p)	Date first exercisable
<b>H Thomas</b>			
Restricted Share Plan	4,816	n/a	5 April 2002
	17,891	n/a	14 December 2002
	89,431	n/a	11 December 2003
Savings Related Share Option Scheme	3,724	116.0	1 November 2001
	2,877	97.6	1 October 2003

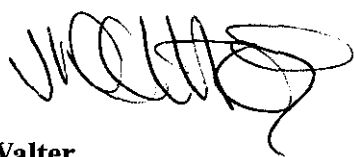
The interests of A Martin are disclosed in the accounts of First Choice Holidays PLC.

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

### **AUDITOR**

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 auditor.

**By order of the Board**



**J Walter**  
**Company Secretary**  
**22 August 2002**

## **FIRST CHOICE TOUR OPERATIONS LIMITED**

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### **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.

## **FIRST CHOICE TOUR OPERATIONS LIMITED**

### **REPORT OF THE INDEPENDENT AUDITOR to the members of FIRST CHOICE TOUR OPERATIONS LIMITED**

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We have audited the financial statements on pages 5 to 10.

#### **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 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 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 result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*LONG Audit Plc*  
**KPMG Audit Plc**  
**Chartered Accountants**  
**Registered Auditor**  
**London**

*28 August 2002*

**FIRST CHOICE TOUR OPERATIONS LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 October 2001**

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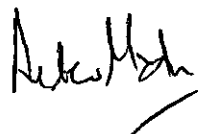
The Company did not trade during the current or preceding year and has made neither profit nor loss, nor any other recognised gain or loss.

# **FIRST CHOICE TOUR OPERATIONS LIMITED**

## **BALANCE SHEET as at 31 October 2001**

	Notes	2001 £'000	2000 £'000
<b>FIXED ASSETS</b>			
Investments	6	228,731	228,731
<b>CURRENT ASSETS</b>			
Debtors	7	8,846	8,859
<b>CREDITORS: amounts falling due within one year</b>	8	(247,349)	(247,362)
<b>Net Current Liabilities</b>		(238,503)	(238,503)
<b>Net liabilities</b>		(9,772)	(9,772)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	250	250
Profit and loss account	10	(10,022)	(10,022)
<b>Deficit on equity shareholders' funds</b>		(9,772)	(9,772)

The financial statements on pages 5 to 10 were approved by the Board on 22 August 2002 and signed by:



**A Martin  
Director**

## **FIRST CHOICE TOUR OPERATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 2001**

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#### **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.

The Company has adopted Financial Reporting Standard (FRS) 18 during the year which gives guidance relating to the selection, application and disclosure of accounting policies used in the financial statements. The adoption of FRS 18 has had no material impact on the Company's accounts.

##### **Group financial statements**

The Company is exempt by virtue of s228 of the companies act 1985 from the requirement to prepare group financial statements because it is a wholly owned subsidiary of a UK company. These financial statements present information about the company as an individual undertaking and not about its group.

##### **Cash flow**

The Company is exempt under Financial Reporting Standard No.1 (Revised) from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of First Choice Holidays PLC. First Choice Holidays PLC includes the Company's cash flow in its own published consolidated financial statements.

##### **Investments**

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

##### **Related Party Transactions**

The Company has taken advantage of the exemption contained in Financial Reporting Standard No.8 "Related Party Disclosures" 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.



## **FIRST CHOICE TOUR OPERATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **for the year ended 31 October 2001**

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#### **2. EMPLOYEES**

The Company had no employees during the year (2000: nil).

#### **3. DIRECTORS**

The Directors received no remuneration during the year. (2000: £nil).

#### **4. AUDITOR**

The auditor's remuneration in both years was borne by a fellow subsidiary undertaking.

#### **5. INVESTMENTS**

Ordinary  
shares in  
subsidiary  
undertakings  
£'000

##### **Cost**

At 1 November 2000 & 31 October 2001

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**228,731**

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##### **Subsidiary undertakings**

Principal operating subsidiaries	% held	Nature of Business	Country of Registration
First Choice Holidays & Flights Limited	100	Tour Operator	England & Wales
First Choice Eclipse Limited	100	Tour Operator	England & Wales
First Choice Aviation Limited	100*	Flight Seat Wholesaler	England & Wales

\*owned by First Choice Holidays & Flights Limited

The Company's investment in First Choice Holidays & Flights Ltd is carried at cost of £234.3 million. For the year ended 31 October 2001, First Choice Holidays & Flights Ltd made a net loss of £9.0 million and had net assets of £6.8 million. However, First Choice Holidays & Flights Ltd is an integral part of the wider First Choice Group's UK business and the Directors of the Company have considered the value of their investment in this context. Accordingly, no provision for a permanent diminution in value is considered necessary.

# **FIRST CHOICE TOUR OPERATIONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 October 2001**

### **6. DEBTORS**

	2001 £'000	2000 £'000
Sundry debtors	-	13
Amounts owed by Parent and fellow subsidiary undertakings	6,422	6,422
Amounts owed by subsidiary undertakings	2,424	2,424
	<u>8,846</u>	<u>8,859</u>

### **7. CREDITORS: amounts falling due within one year**

	2001 £'000	2000 £'000
Sundry creditors	-	13
Amounts owed to parent and fellow subsidiary undertakings	79,376	79,376
Amounts owed to subsidiary companies	167,973	167,973
	<u>247,349</u>	<u>247,362</u>

### **8. CALLED UP SHARE CAPITAL**

	2001 £'000	2000 £'000
Authorised, allotted and fully paid 250,000 ordinary shares of £1 each	<u>250</u>	<u>250</u>

### **9. RESERVES**

	2001 £ 000	2000 £ 000
Profit and loss account At 1 November & 31 October	<u>(10,022)</u>	<u>(10,022)</u>

## **FIRST CHOICE TOUR OPERATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 October 2001**

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#### **10. CONTINGENT LIABILITIES**

The Company is one of several guarantors to a First Choice Holidays PLC syndicated surety agreement for a £250,000,000 bonding facility and a syndicated bank credit facility for £210,000,000 also in the name of First Choice Holidays PLC.

#### **11. 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 First Choice Tour Operations 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 9GX.