

**Specialist Holidays Limited
(formerly Crystal Holidays Limited)**

(Registered Number: 1976915)

**Annual Report and Financial Statements
For The Year Ended 31 December 2001**



Specialist Holidays Limited
(formerly Crystal Holidays Limited)

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Specialist Holidays Limited
(formerly Crystal Holidays Limited)

Officers and Professional Advisers

Directors

A Appleton (resigned 20 July 2001)
D J Rowe
C V Brigham
D J Marshall (resigned 31 March 2002)
A F Peters (resigned 2 April 2001)
S J Leak
K C Ivie (appointed on 23 April 2001)
D O Maloney (appointed on 4 January 2001, resigned 31 December 2001)

Company Secretary:

A Russell

Registered Office

Ground Floor
Greater London House
Hampstead Road
London
NW1 7SD

Bankers

Barclays Bank PLC
PO Box 112
Horsham
West Sussex RH 12 1 YQ

Solicitors

Allen & Overy
One New Change
London
EC4M 9QQ

Auditors

PricewaterhouseCoopers
1 Embankment Place
London
WC2N 6RH

Specialist Holidays Limited **(formerly Crystal Holidays Limited)**

Directors' Report For The Year Ended 31 December 2001

The directors present their report and the audited financial statements for the year ended 31 December 2001.

Principal Activities, Trading Review And Future Developments

The principal activity is that of a tour operator.

With effect from 19th February 2001 the company changed its name from Crystal Holidays Limited to Specialist Holidays Limited. During the year the company commenced trading an element of its business in the name of Simply Ski.

With effect from 31 December 2001 the company purchased the business of Specialist Holidays Contracting Limited, at net book amount, being £10,000. The principle activity of this company is the provision of services to tour operators.

TUI Northern Europe Limited, the intermediate parent undertaking, is currently undertaking a restructuring of its independent holiday business, including Specialist Holidays Limited into the Specialist Holidays Group Division. The directors are confident that the company will benefit from considerable synergies as part of a division of the parent and will be better placed grow the profitability of the business and to take greater advantage of future market opportunities.

Results and Dividends

The consolidated loss after tax, as shown in the consolidated profit and loss account, amounted to £3,275,000 (2000: profit £4,298,000), and has been transferred to reserves.

The consolidated loss after tax is shown after exceptional costs of £4,470,000 which were incurred in preparation for the reorganisation of the business into the Specialist Holidays Division of TUI Northern Europe Limited. The amounts relate to relocation and redundancy costs. In the prior year the consolidated loss after tax was shown after exceptional costs of £1,635,000 which were also incurred in relation to the reorganisation of the business into TUI Northern Europe Limited.

The parent company's loss after taxation and dividends for the year amounted to £4,537,000 (2000: profit: £4,371,000). The parent company's profit includes income of £22,051,000 being a dividend from its subsidiary Specialist Holidays Contracting Limited (2000: £13,430,000).

The directors do not recommend payment of a dividend (2000: £Nil).

Directors' Interests

No director, who served during the period and who held office at the end of the financial period had any interest in shares or share options in the company or TUI Northern Europe Limited at 31 December 2001.

Specialist Holidays Limited
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Disabled Persons

It is the policy of the company to give full and fair consideration to suitable applications for employment by disabled persons. Opportunities also exist for employees who become disabled to continue in their employment where feasible, or to be trained for other positions within the company. The company does not discriminate against disabled persons in respect of the selection of employees for promotion and career development, although account is taken of the suitability of candidates for the positions available.

Employee Involvement

During the period the company involved employees in the management of the business. This was carried out, in particular, by giving regular briefings to managers on financial performance, future plans and other issues of importance.

Supplier Payment Terms

It is Company policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. Trade creditors at the year end represented 30 days of purchases.

Statement Of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

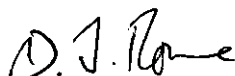
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2001 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditors

PricewaterhouseCoopers have expressed their willingness to be reappointed as auditors.

Approved by the Board of Directors and signed on behalf of the Board



D J Rowe
Director

30 April 2002

Independent auditors' report to the members of Specialist Holidays Limited

We have audited the financial statements on pages 5 to 24 which have been prepared under the historical cost convention and the accounting policies set out on page 8 and 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

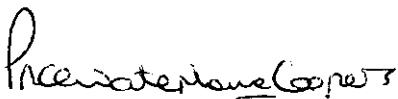
Basis of audit opinion

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 affairs of the company and the group at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6RH

29 April 2002

Specialist Holidays Limited
(formerly Crystal Holidays Limited)

Consolidated Profit And Loss Account
For The Year Ended 31 December 2001

	Note	Year ended December 2001 £'000	Year ended December 2000 £'000
Turnover	2	265,220	227,820
Cost Of Sales		(232,360)	(199,338)
Gross Profit		32,860	28,482
Administrative Expenses (including exceptional items)		(36,469)	(23,006)
Operating profit before exceptional item		861	7,111
Exceptional item	4	(4,470)	(1,635)
Operating (Loss)/Profit		(3,609)	5,476
Interest receivable and similar income	6	287	997
Interest payable and similar charges	7	(735)	(285)
Net interest (payable)/receivable		(448)	712
(Loss)/ Profit On Ordinary Activities Before Taxation		(4,057)	6,188
Tax on loss/profit on ordinary activities	5	781	(1,890)
(Loss)/Profit after taxation		(3,276)	4,298
Equity Minority Interest		1	-
Retained (Loss)/Profit On Ordinary Activities After Taxation For The Year Transferred to Reserves	15	(3,275)	4,298

These are no recognised gains or losses other than the loss for the financial year

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

Turnover and operating losses all derive from continuing operations.

The notes on pages 8 to 24 form an integral part of the financial statements.

Specialist Holidays Limited
(formerly Crystal Holidays Limited)

Consolidated Balance Sheet
As At 31 December 2001

	Note	2001 £'000	2000 £'000
Fixed Assets			
Intangible assets	8	10,440	10,670
Tangible assets	9	8,309	4,983
		18,749	15,653
Current Assets			
Debtors	11	43,469	50,618
Cash at bank and in hand		17,492	12,961
		60,961	63,579
Creditors: Amounts Falling Due Within One Year	12	(74,877)	(74,456)
Net Current Liabilities		(13,916)	(10,877)
Total Assets Less Current Liabilities		4,833	4,776
Provisions for Liabilities and Charges	13	(3,539)	(187)
Net Assets		1,294	4,589
Capital And Reserves			
Called up share capital	14	1,100	1,100
Profit and loss account	15	189	3,483
Equity Shareholder's Funds	16	1,289	4,583
Equity Minority Interest		5	6
		1,294	4,589

These financial statements were approved by the Board of Directors on 30 April 2002.

Signed on behalf of the Board of Directors



D J Rowe

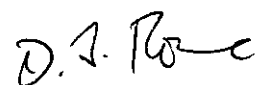
Specialist Holidays Limited
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Company Balance Sheet
As At 31 December 2001

	<i>Note</i>	2001 £'000	2000 £'000
Fixed Assets			
Intangible assets	8	8,272	8,668
Tangible assets	9a	6,153	1,905
Investments	10	3,320	1,831
		<hr/> 17,745	<hr/> 12,404
Current Assets			
Debtors	11	43,444	36,823
Cash at bank and in hand		17,473	11,526
		<hr/> 60,917	<hr/> 48,349
Creditors: Amounts Falling Due Within One Year	12	(75,067)	(55,973)
Net Current Liabilities		(14,150)	(7,624)
Total Assets Less Current Liabilities		3,595	4,780
Provisions for Liabilities and Charges	13	(3,539)	(187)
Net (Liabilities)/ Assets		<hr/> 56	<hr/> 4,593
Capital And Reserves			
Called up share capital	14	1,100	1,100
Profit and loss account		(1,044)	3,493
Total Equity Shareholder's Funds	16	<hr/> 56	<hr/> 4,593

These financial statements were approved by the Board of Directors on 30 April 2002

Signed on behalf of the Board of Directors



D J Rowe
Director

Specialist Holidays Limited
(formerly Crystal Holidays Limited)

Notes To The Financial Statements
For The Year Ended 31 December 2001

1 Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the most significant accounting policies, which have been applied consistently throughout the financial year, is set out below.

(a) Basis Of Accounting

The financial statements have been prepared in accordance with historical cost convention.

The accounts have been prepared on a going concern basis as TUI Northern Europe Limited, the ultimate parent company, has confirmed its intention to support the ongoing operations of the company, should it be required, to ensure the company is able to meet its liabilities as and when they fall due.

(b) Basis of consolidation

The consolidated accounts include the results of all subsidiary undertakings. The results of subsidiary undertaking acquired or disposed during the period are consolidated from or to the date of acquisition or disposal.

As permitted by section 230(1) of the Companies Act 1985 no separate profit and loss account for the company has been included in the financial statements.

(c) Turnover

Turnover is attributable to the principal activity of the company, arises wholly in the United Kingdom, and is stated net of value added tax and discounts.

(d) Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Computer equipment	over 3-5 years
Fixtures, fittings and other equipment	over 10 years
Leasehold improvements	over the term of the lease
Freehold premises	over 20 years
Motor vehicles	over 5 years

(e) Deferred taxation

Deferred tax is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

(f) Investments

Investments held as fixed assets are stated at cost less any provision for permanent diminution in value.

Specialist Holidays Limited
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Notes To The Financial Statements
For The Year Ended 31 December 2001 (Continued)

1. Accounting Policies (continued)

(g) Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at average forward rates. The majority of assets receivable and payable in foreign currencies are hedged by future foreign exchange contracts held by TUI Northern Europe Finance Limited and are translated into sterling at the contracted rates. Amounts not hedged by such contracts at the balance sheet date are translated at the balance sheet date at the rates ruling at that date. Translation differences are dealt with in the profit and loss account. Exchange differences arising on the retranslation of the assets and liabilities of foreign currency denominated subsidiaries are taken to profit and loss reserve.

(h) Pension costs

The company operates both defined contribution schemes, and defined benefit schemes on behalf of its employees and directors. The assets of the schemes are held separately from those of the company in independently administered funds. The pension costs of the defined contribution scheme are charged to the profit and loss account as they are incurred. The expected costs of providing pensions under defined benefit schemes, as calculated by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of the employees in the scheme in such a way that the pension cost is a substantial level percentage of current and expected future pensionable payroll.

(i) Marketing Expenditure

Expenditure on marketing costs relating to future seasons is carried forward as part of prepayments and charged against the revenue of the relevant season.

(j) Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual instalments over the lease term.

(k) Goodwill

Goodwill arising on acquisitions (representing the excess of the fair value of the consideration given, over the fair value of the net assets acquired), is carried in the balance sheet and amortised over its estimated useful life, not exceeding 20 years.

(l) Cash Flow Statement

The company is a wholly-owned subsidiary of TUI Northern Europe Limited and is included in the consolidated financial statements of TUI Northern Europe Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

Specialist Holidays Limited
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Notes To The Financial Statements
For The Year Ended 31 December 2001 (Continued)

2 Turnover

Turnover represents the gross value of flights and holidays which have departed in the accounting period. In the opinion of the directors, provision of additional segmental information as required by the Companies Act 1985 would be seriously prejudicial to the interests of the group. The information has therefore not been disclosed as permitted by Paragraph 55(5) of Schedule 4 to the Companies Act 1985.

3 Information Regarding Directors And Employees

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Directors' emoluments		
Total directors' emoluments (excluding pension contributions)	933	790
Company pension contributions to defined benefit scheme	42	9
Company pension contributions to money purchase scheme	148	111
Remuneration of highest paid director (excluding pension contributions)	258	161
Contributions to defined benefit scheme for highest paid director	31	32
Average number of persons employed	No.	No.
Sales and administration	555	463
	£'000	£'000
Staff costs during the period (including directors)		
Wages and salaries	12,458	7,841
Social security costs	1,185	739
Pension costs	980	195
	14,623	8,775

Pension costs include a charge of £625,000 for the Jetsave Retirements Benefit Plan (note 22)

Benefits were accruing to 2 directors under a defined benefits scheme (2000:1). Benefits were accruing to 5 directors under money purchase schemes (2000:5).

Specialist Holidays Limited
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Notes To The Financial Statements
For The Year Ended 31 December 2001 (Continued)

4 Operating Profit

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	1,453	640
Amortisation of goodwill	625	580
Management recharges	-	(9,405)
Operating lease charges:		
Land & Buildings	828	762
Auditors' remuneration - audit fees	176	147
Exchange losses/(gains)	424	(1,964)
Gain on disposal of fixed assets	-	(137)
Exceptional items		
Restructuring costs	4,470	1,635

In both 2000 and 2001 exceptional costs were incurred in respect of the restructuring of the Specialist Holidays business into a division of TUI Northern Europe Limited. The amounts related to relocation and redundancy costs.

5 Tax On Profit On Ordinary Activities

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Tax on ordinary activities comprises:		
United Kingdom corporation tax at 30% (2000: 30%)	(1,247)	1,890
Corporation tax – prior year adjustment	20	-
Group relief – prior year adjustment	446	-
	(781)	1,890

6 Interest Receivable

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Bank interest receivable	287	997

Specialist Holidays Limited
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Notes To The Financial Statements
For The Year Ended 31 December 2001 (Continued)

7 Interest Payable and Similar Charges

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Bank loans, overdrafts and other loans	735	285

8 Intangible Assets

	Group £'000	Company £'000
Goodwill		
Cost		
At 1 January 2001	12,506	10,299
Additions	395	118
At 31 December 2001	12,901	10,417
Aggregate amortisation		
At 1 January 2001	1,836	1,631
Charge for the year	625	514
At 31 December 2001	2,461	2,145
Net book amount at 31 December 2001	10,440	8,272
Net book amount at 31 December 2000	10,670	8,668

Additions relate to the purchase of Yeti Bar and Hotel Curling with 2 associated studio apartments. The purchase price for each property includes an amount for '*Fonds de commerce*'. See note 19.

Specialist Holidays Limited
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Notes To The Financial Statements
For The Year Ended 31 December 2001 (Continued)

9 Tangible Fixed Assets

Group	Freehold Property £'000	Computer equipment £'000	Fixtures, fittings and other equipment £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 January 2001	3,233	2,521	1,263	-	7,017
Additions	2,074	2,000	692	13	4,779
Disposals	-	(61)	(176)	-	(237)
At 31 December 2001	5,307	4,460	1,779	13	11,559
Accumulated depreciation					
At 1 January 2001	17	1,474	543	-	2,034
Charge for the year	431	818	202	2	1,453
Disposal	-	(61)	(176)	-	(237)
At 31 December 2001	448	2,231	569	2	3,250
Net book amount					
At 31 December 2001	4,859	2,229	1,210	11	8,309
At 31 December 2000	3,216	1,047	720	-	4,983

Specialist Holidays Limited
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Notes To The Financial Statements
For The Year Ended 31 December 2001 (Continued)

9a Tangible Fixed Assets (continued)

Company	Freehold Property £'000	Computer equipment £'000	Fixtures, fittings and other equipment £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 January 2001	337	2,423	1,104	-	3,864
Additions	1,969	1,868	654	13	4,504
Disposals	-	(50)	(176)	-	(226)
Acquisitions	500	212	76	-	788
At 31 December 2001	2,806	4,453	1,658	13	8,930
Accumulated depreciation					
At 1 January 2001	2	1,432	525	-	1,959
Charge for the period	100	806	136	2	1,044
Disposal	-	(50)	(176)	-	(226)
At 31 December 2001	102	2,188	485	2	2,777
Net book amount					
At 31 December 2001	2,704	2,265	1,173	11	6,153
At 31 December 2000	335	991	579	-	1,905

The fixed assets purchased as part of the business of Specialist Holidays Contracting Limited are shown in the above as acquisitions at their net book value as at 31 December 2001.

Specialist Holidays Limited
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Notes To The Financial Statements
For The Year Ended 31 December 2001 (Continued)

10 Fixed Assets Investments

	2001 £'000
Company	
Subsidiary shareholdings at cost	
At 1 January 2001	1,831
Additions	1,489
At 31 December 2001	3,320

The increase in fixed asset investments represents the purchase on 31 December 2001 of a 99% investment in the issued share capital of Petit Palais SRL, an hotel services business incorporated in Italy, from a fellow group company, Specialist Holidays Contracting Limited, at net book amount.

The company holds investments in the following subsidiary undertakings which have been consolidated:

Name of company	Holding	Country of incorporate	Proportion held	Nature of business
Jersey Travel Services Limited	Ordinary shares	Great Britain	100%	Dormant
Guernsey Travel Services Limited	Ordinary shares	Great Britain	100%	Dormant
Specialist Holidays Contracting Limited	Ordinary shares	Great Britain	100%	Tourism

These investments were acquired on 1 November 1998 when the net assets and trade of Tropical Places Limited were transferred to the company.

In the opinion of the directors the investment in the above subsidiary undertaking is worth at least the amount which it is stated in the balance sheet.

Specialist Holidays Limited
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Notes To The Financial Statements
For The Year Ended 31 December 2001 (Continued)

10. Fixed Assets Investments (continued)

On 31 December the group occupied that part of business and assets of Specialist Holidays Contracting Limited relating to the provision of accommodation and ancillary holiday services. The total consideration of £10,000 was settled by inter-company transfer. The group used acquisition accounting to account for the purchase.

Book amount and Fair Value at Acquisition	£'000
Fixed asset investment	1,493
Tangible assets	789
Bank & cash	1,280
Debtors	1,132
Other debtors	1,706
Prepayments	23,009
Bank overdrafts	(6,634)
Creditors	(5,525)
Other creditors & accruals	(65)
Amounts due from Group Co's	(16,739)
Corporate tax	(436)
	<hr/>
Net assets of transferring business and assets from Specialist Holidays Contracting Limited	10

There are no fair value adjustments.

The profit and loss account of Specialist Holidays Contracting Limited relating to the transferring business.

	£'000
Turnover	129,378
	<hr/>
Operating profit	18,902
	<hr/>
Profit on ordinary activities Before taxation	18,884
Tax on profit on ordinary activities	(5,894)
	<hr/>
Profit on ordinary activities After taxation	12,990

Profit on ordinary activities after tax in 2000 was £9,806,000.

Specialist Holidays Limited
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Notes To The Financial Statements
For The Year Ended 31 December 2001 (Continued)

11 Debtors

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Trade debtors	13,004	12,738	12,992	10,280
Amounts owed by group undertakings	-	19,394	-	13,262
Group relief receivable	1,247	-	1,247	6,542
Other debtors	6,493	2,752	6,486	2,714
Prepayments and accrued income	22,725	15,734	22,719	4,025
	43,469	50,618	43,444	36,823

12 Creditors: Amounts Falling Due Within One Year

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Bank overdrafts	6,930	19,646	6,653	5,696
Trade creditors	6,543	7,245	6,543	2,309
Amounts owed to group undertakings	5,546	3,516	6,019	6,301
Taxation and social security	557	69	557	-
Other creditors	-	-	-	-
Group Relief	-	2,313	-	-
Corporation Tax	436	-	436	-
Accruals and deferred income	54,865	41,667	54,859	41,667
	74,877	74,456	75,067	55,973

13 Provisions for Liabilities and Charges

Group and Company

	Pension Provision £'000	Restructuring Provisions £'000	Total £'000
At 1 January 2001	-	187	187
Charge for the period in profit and loss account	625	4,470	5,095
Utilised during the year	(125)	(1,618)	(1,743)
At 31 December 2001	500	3,039	3,539

The restructuring provision relates to the restructuring of the Specialist Holidays business into a division of TUI Northern Europe Limited.

Specialist Holidays Limited
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Notes To The Financial Statements
For The Year Ended 31 December 2001 (Continued)

14 Called Up Share Capital

	31 December 2001 £	31 December 2000 £
Authorised:		
Ordinary shares of £ 1 each	1,500,000	1,099,925
JTB shares of 1pence each	-	150
Deferred shares £1 each	-	399,925

	31 December 2001	31 December 2000
Called up, allotted and fully paid		
Ordinary shares of £1 each	1,100,000	1,099,925
JTB shares of 1pence each	-	75
Deferred shares	-	-
	1,100,000	1,100,000

A resolution was passed on 9th July 2001 to:

- (a) convert the deferred shares of £1 each into ordinary £1 shares.
- (b) consolidate the JTB shares into ordinary shares on a 100:1 basis.

15 Profit And Loss Account

Group	2001 £'000	2000 £'000
Balance at 1 January 2001	3,483	(863)
Exchange difference	(19)	48
Retained (loss)/profit for the year	(3,275)	4,298
Balance at 31 December 2001	189	3,483

The parent company's loss after taxation and dividends for the year amounted to £4,537,000 (2000: Profit: £4,371,000). The parent company's loss includes income accrued in respect of a dividend of £22,051,000 from its subsidiary Specialist Holidays Contracting Limited (2000: £13,430,000).

Specialist Holidays Limited
(formerly Crystal Holidays Limited)

Notes To The Financial Statements
For The Year Ended 31 December 2001

16 Reconciliation Of Movements In Consolidated Shareholders' Funds

Group	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
(Loss)/Profit for the year	(3,275)	4,298
Exchange difference	(19)	48
Shares issued during the year	-	1,000
Net (decrease)/increase in shareholders' funds	(3,294)	5,346
Opening shareholders' funds	4,583	(763)
Closing shareholders funds	1,289	4,583

Company	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
(Loss)/Profit for the year	(4,537)	4,371
Shares issued during the year	-	1,000
Net (decrease)/increase in shareholders' funds	(4,537)	5,371
Opening shareholders' funds	4,593	(778)
Closing shareholders funds	56	4,593

Specialist Holidays Limited
(formerly Crystal Holidays Limited)

Notes To The Financial Statements
For The Year Ended 31 December 2001

17 Future Commitments

Operating lease commitments

At 31 December 2001 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £'000	Other £'000	Total £'000
Leases which expire			
Within 1 year	47	24	71
Within 2 to 5 years	728	35	763
After 5 years	1,818	-	1818

18 Deferred Tax

Potential Asset

Group and Company	2001 £'000
Accelerated Capital Allowances	(35)
Other timing differences	(400)
	(435)

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19 Acquisitions

On 30th January 2001 and September 20th 2001 the group acquired the Hotel du Curling and Le Yeti Bar respectively. The total consideration of £2,051,000 and £319,000 respectively was satisfied by cash. The group used acquisition accounting to account for the purchase and the resulting goodwill of £118,000 and £277,000 respectively has been capitalised and is being amortised over its expected useful life.

Book amount and Fair Value at Acquisition	Hotel Curling £'000	Yeti bar £'000
Net assets at fair value	1,933	42
Consideration	2,051	319
Goodwill	118	277

There are no fair value adjustments.

20 Related Party Transactions

The Company is a wholly owned subsidiary of TUI Northern Europe Limited and is included in the consolidated financial statements of TUI Northern Europe Limited which are publicly available. Consequently, the Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of TUI Northern Europe Limited or investees of TUI Northern Europe Limited.

21 Ultimate Parent Companies

Within the meaning of the Companies Act 1985 Preussag AG is regarded by the directors of the company as being the company's ultimate parent company. Within the meaning of the said Act Preussag AG is the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member and TUI Northern Europe Limited is the parent undertaking of the smallest group of undertakings for which group accounts are drawn up and of which the company is a member. Preussag AG is incorporated under the laws of Germany. TUI Northern Europe Limited is incorporated in England and Wales.

Copies of Preussag's accounts are available from: Investor Relations, Preussag, AG Karl-Wiechert-allee 4, D-30625 Hanover or on the Preussag website address: www.preussag.de.

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22 Pension Schemes

Jetsave Retirement Benefits Plan

The Group provides a defined benefit scheme namely the Jetsave Retirement Benefits Plan (the 'Jetsave Scheme'). This scheme is designed to provide retirement benefits for staff who work or worked within the business. Pension costs of the scheme are assessed in accordance with the advice of an independent, professionally qualified actuary. Benefit payments for accrued service are estimated, allowing for revaluation up to retirement. The liability for these payments is calculated allowing for interest up to the payment dates. This is a closed scheme and therefore the current service cost will increase as the members approach retirement. The assets of the scheme are funded through independent, trustee-administered funds separate from the assets of the Group.

The most recent actuarial valuation of the Jetsave Scheme was as at 31 March 2001. At 31 March 2001, the market value of scheme assets was £3.359m and covered 94% of projected scheme liabilities.

At the balance sheet date, the market value of scheme assets was £2.929m and projected scheme liabilities per the actuarial valuation at 31 March 2001 were £3.568m resulting in cover of 82.1%. To fund the deficit, the current employer contribution rate has been increased to £10,000 per month. (2000 - £5,000 per month).

The Scheme's main long-term assumptions at 31 March 2001 and 31 December 2001 are:

Assumptions	Per annum
Rate of increase in pensionable salaries	not applicable
Rate of increase in pensions in payment	2.5%
Interest rate before retirement	6%
Interest after retirement	5%

The expected rate of return and the value of the assets of the scheme are:	Long term rate of return %	Value of assets £k
Equities	6.00	2,287
Bonds	5.00	498
Cash	5.00	144
Total		2,929

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22. Pension Schemes (continued)

Jetsave Scheme

£501,000 of the pension deficit has been recognised in the financial statements of the company. The profit and loss account and net assets of the company had the balance of the deficit been recognised at 31 December is shown below:

	£000
Net assets excluding pension deficit	1,294
Pension deficit	(138)
Net assets including pension deficit	1,156
Profit and loss reserve excluding pension deficit	189
Pension deficit	(138)
Profit and loss reserve	51

Thomson Travel Pension Scheme

Employees are entitled to join the Thomson Travel Pension Scheme (the 'TT' scheme).

It is a defined contribution scheme. The assets of the TT scheme are funded through independent trustee-administered funds separate from the assets of the Group.

The particulars of the actuarial valuation of the TT scheme are set out in the financial statements of TUI Northern Europe Limited.

23 Contingent Liabilities

	2001 £'000	2000 £'000
Bank guarantees	118	370

The guarantees are in respect of performance bonds for several suppliers.

A cross guarantee dated 29 June 2001 exists between the Company, Specialist Holidays Group Limited, Specialist Holidays Contracting Limited, and Charles Grimsey Associates Limited.

On 30 August 1985 Jersey Travel Services Limited entered into a property lease which expires on 24 June 2010 at an annual rental of £7,260 plus an annual service charge of £500. On 20 February 1991 the company assigned its interest to a third party. Under the terms of the lease the company remains responsible for the payment of the rent for the remaining term of the lease should the underlessee fail to honour its obligations. At the balance sheet date the contingent liability for the unexpired portion of the lease amounted to £ 61,710 (2000: £68,970). This contingent liability is based upon the rent as charged at the date of the assignment. No details of the present rental charge are available and because the lease

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assignment. No details of the present rental charge are available and because the lease allows for upward rental revisions only the contingent liability may be understated by the amount of any subsequent increases.