

Jetset Europe PLC

Annual report and financial statements
for the year ended 30 September 2001

Registered number: 02223775



Directors' report

For the year ended 30 September 2001

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 30 September 2001.

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 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 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.

Principal activity and business review

The company's principal activity continues to be that of a tour operator and scheduled flight consolidator.

On 30 April 2001 the trade, assets and liabilities were transferred to MyTravel plc (formerly Airtours plc), the parent company, as part of a group reorganisation.

The company has not traded since 30 April 2001.

Results and dividends

The audited financial statements for the year ended 30 September 2001 are set out on pages 5 to 14. The profit for the year after taxation was £1,462,147 (11 months to September 2000 – loss of £2,756,628).

No dividend can be paid (11 months to September 2000 - £nil).

Directors and their interests

The directors who served during the year are as shown below.

M.J. Cheetham

Parkway Management Services Limited

P.F. Rothwell (resigned 5 October 2000)

C.A. Humphreys (appointed 31 December 2000, resigned 31 December 2001)

G.J. McMahon (appointed 24 January 2001)

Directors' report (continued)

Directors and their interests (continued)

The directors have no other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Parkway One
Parkway Business Centre
300 Princess Road
Manchester
M14 7QU

1 July 2002

By order of the Board,



M.J. Cheetham
Director

To the shareholder of Jetset Europe plc

We have audited the financial statements of Jetset Europe plc for the year ended 30 September 2001 which comprise the profit and loss account, balance sheet, statement of accounting policies and related notes numbered 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

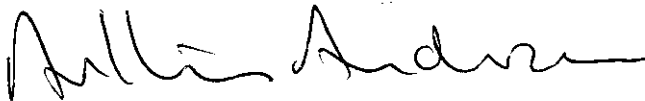
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the 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 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.

Independent auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 30 September 2001 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Arthur Andersen', written in a cursive style.

Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

1 July 2002

Profit and loss account

For the year ended 30 September 2001

	Notes	Year ended 30 September 2001 £	11 months ended 30 September 2001 £
Turnover	1	19,064,119	37,585,318
Cost of sales		(17,702,732)	(32,237,993)
Gross profit		1,361,387	5,347,325
Administrative expenses		(1,317,216)	(8,084,912)
Operating profit (loss)		44,171	(2,737,587)
Profit on sale of assets and liabilities of business	2	1,506,337	-
Profit (loss) on ordinary activities before finance charges		1,550,508	(2,737,587)
Finance charges (net)	3	(107,300)	(101,219)
Profit (loss) on ordinary activities before taxation	4	1,443,208	(2,838,806)
Taxation on profit (loss) on ordinary activities	6	18,939	82,178
Profit (loss) for the period	11	1,462,147	(2,756,628)

All activity has arisen from discontinued operations.

The company has no recognised gains or losses in either period other than its result for that period.

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

Balance sheet
30 September 2001

	Notes	30 September 2001 £	30 September 2000 £
Fixed assets			
Tangible assets	7	-	379,894
Current assets			
Debtors	8	1	6,912,027
Cash at bank and in hand		-	218,417
		<u>1</u>	<u>7,130,444</u>
Creditors: Amounts falling due within one year	9	-	(8,972,484)
Net current assets (liabilities)		<u>1</u>	<u>(1,842,040)</u>
Total assets less current liabilities		<u>1</u>	<u>(1,462,146)</u>
Net assets (liabilities)		<u>1</u>	<u>(1,462,146)</u>
Capital and reserves			
Called-up share capital	10	5,700,000	5,700,000
Profit and loss account	11	(5,699,999)	(7,162,146)
Equity shareholder's funds (deficit)	12	<u>1</u>	<u>(1,462,146)</u>

The financial statements on pages 5 to 14 were approved by the board of directors on 1 July 2002 and signed on its behalf by:



M.J. Cheetham
Director

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

Statement of accounting policies

30 September 2001

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

Basis of preparation

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

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Tangible fixed assets

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

Fixtures, fittings and equipment	4 – 5 years
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Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

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 tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

Pension costs

The company provided pension arrangements to the majority of full time employees through a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Difference between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, or if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

Statement of accounting policies (continued)

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Cash flow statement

Jetset Europe plc has not presented a cash flow statement as permitted by FRS1 (revised 1996), as it is a wholly owned subsidiary of MyTravel plc (formerly Airtours plc), which produces consolidated financial statements that are publicly available.

Notes to financial statements

30 September 2001

1 Turnover

Turnover is wholly attributable to the principal activity and arises in the United Kingdom.

2 Exceptional items reported after operating profit

On the 30 April 2001 the trade, assets and liabilities of Jetset Europe plc were sold to MyTravel plc (formerly Airtours plc), the ultimate parent company, for consideration of £1. This resulted in an exceptional profit of £1,506,337.

There is no taxation effect of this exceptional item because it was an intra-group sale.

3 Finance charges (net)

	Year ended 30 September 2001 £	11 months ended 30 September 2000 £
Hire purchase interest	15,589	42,290
Other loans	116,076	65,702
	<u>131,665</u>	<u>107,992</u>
Bank interest receivable	(24,365)	(6,773)
Finance charges (net)	<u>107,300</u>	<u>101,219</u>

4 Profit (loss) on ordinary activities before taxation

Profit (loss) on ordinary activities before taxation is stated after charging:

	Year ended 30 September 2001 £	11 months ended 30 September 2000 £
Depreciation of owned tangible fixed assets	101,636	150,211
Depreciation of assets held under finance leases and hire purchase contracts	6,563	74,299
Operating lease rentals		
- plant and machinery	89,925	188,369
- other	88,837	142,022
Auditors' remuneration for audit services	<u>37,670</u>	<u>15,000</u>

Amounts paid to the auditors' for non-audit services were £nil (11 months to 30 September 2000 - £43,069).

Notes to financial statements (continued)

5 Staff costs

The average monthly number of employees (including executive directors) was:

	Year ended 30 September 2001 Number	11 months ended 30 September 2000 Number
Sales	19	102
Administration	37	36
	<u>56</u>	<u>138</u>

Their aggregate remuneration comprised:

	Year ended 30 September 2001 £	11 months ended 30 September 2000 £
Wages and salaries	883,726	1,778,898
Social security costs	61,719	150,093
Other pension costs (see note 14)	14,305	20,268
	<u>959,750</u>	<u>1,949,259</u>

Directors' remuneration

The directors were remunerated by the immediate parent company, UKLG Limited, for services to the company during the year and preceding period.

6 Tax on profit (loss) on ordinary activities

The tax credit is based on the profit (loss) for the period and comprises:

	Year ended 30 September 2001 £	11 months ended 30 September 2000 £
UK corporation tax	(18,939)	(82,178)
	<u>(18,939)</u>	<u>(82,178)</u>

Notes to financial statements (continued)

7 Tangible fixed assets

	Fixtures, fittings and equipment £
Cost	
At 1 October 2000	1,062,497
Additions	21,065
Transfers	(1,083,562)
At 30 September 2001	-
Depreciation	
At 1 October 2000	682,603
Charge for the year	108,199
Transfers	(790,802)
At 30 September 2001	-
Net book value	
At 30 September 2000	379,894
At 30 September 2001	-

Included in the above are assets under finance leases and hire purchase contracts with a net book value of:

	Fixtures, fittings and equipment £
At 1 October 2000	82,999
At 30 September 2001	-

Notes to financial statements (continued)

8 Debtors

	30 September 2001 £	30 September 2000 £
Amounts falling due within one year:		
Trade debtors	-	790,501
Amounts owed by group undertakings	1	5,500,000
UK corporation tax	-	142,805
VAT recoverable	-	185,146
Prepayments and accrued income	-	293,575
	<u>1</u>	<u>6,912,027</u>

The amounts due from group undertakings are interest-free, unsecured, have no fixed repayment date and are due on demand.

9 Creditors: Amounts falling due within one year

	30 September 2001 £	30 September 2000 £
Obligations under finance leases and hire purchase contracts	-	61,757
Trade creditors	-	4,651,509
Amounts due to parent company	-	3,956,575
Accruals and deferred income	-	302,643
	<u>-</u>	<u>8,972,484</u>

10 Called-up share capital

	30 September 2001 £	30 September 2000 £
<i>Authorised</i>		
5,700,000 Ordinary shares of £1 each	<u>5,700,000</u>	<u>5,700,000</u>
<i>Allotted, called-up and fully-paid</i>		
5,700,000 Ordinary shares of £1 each	<u>5,700,000</u>	<u>5,700,000</u>

Notes to financial statements (continued)

11 Profit and loss account

	£
At 1 October 2000	(7,162,146)
Profit for the year	1,462,147
At 30 September 2001	<u>(5,699,999)</u>

12 Reconciliation of movements in shareholder's funds (deficit)

	Year ended 30 September 2001 £	11 months ended 30 September 2000 £
Profit (loss) for the period	1,462,147	(2,756,628)
New shares issued	-	5,500,000
Opening shareholder's deficit	<u>(1,462,146)</u>	<u>(4,205,518)</u>
Closing shareholder's funds (deficit)	<u>1</u>	<u>(1,462,146)</u>

13 Guarantees and other financial commitments

a) Capital commitments

The company had no capital commitments at 30 September 2001 (30 September 2000 - £nil).

b) Commitments under operating leases

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

	Land and buildings		Other	
Expiry date:	30 September 2001 £	30 September 2000 £	30 September 2001	30 September 2000 £
Within one year	-	3,560	-	3,560
Between two and five years	-	68,040	-	68,040
After five years	-	39,500	-	39,500
	<u>-</u>	<u>111,100</u>	<u>-</u>	<u>111,100</u>

On 30 April 2001 the operating lease commitments were transferred to MyTravel plc (formerly Airtours plc).

Notes to financial statements (continued)

14 Pension arrangements

The company operates a defined contribution scheme for which the pension cost charge for the year amounted to £14,305 (11 months to 30 September 2000 - £20,268).

15 Ultimate parent company

At 30 September 2001, the company's intermediate parent company was UKLG Limited. The directors regard MyTravel plc (formerly Airtours plc), a company incorporated in Great Britain, as the ultimate parent company and the ultimate controlling party.

The largest and smallest group of which Jetset Europe plc is a member and for which group financial statements are drawn up is that headed by MyTravel plc (formerly Airtours plc), copies of which are available from Parkway One, Parkway Business Centre, 300 Princess Road, Manchester, M14 7QU.

16 Related party transactions

As a subsidiary undertaking of MyTravel plc (formerly Airtours plc) the company has taken advantage of the exemption afforded in FRS 8 'Related party disclosures', not to disclose transactions with other group undertakings. There were no other related party transactions during the year.

During the current year and previous period the company undertook the following transactions with companies in which J.W. Bond was a director and shareholder:

	Year ended 30 September 2001		11 months ended 30 September 2000	
	Sales	Balance at Year end	Sales	Balance at year end
	£	£	£	£
FETC Limited	-	-	210,828	-
Cresta World Travel Limited	-	-	36,133	(4,077)