



First Choice

**FIRST CHOICE OFFICE SERVICES LIMITED
DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS**

**for year ended
31 October 2000**



Company Number 2469040

FIRST CHOICE OFFICE SERVICES LIMITED

DIRECTORS' REPORT

for the year ended 31 October 2000

The Directors present their report and financial statements of First Choice Office Services Limited for the year ended 31 October 2000.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of a provider of services to other companies within the First Choice Holidays PLC Group.

RESULTS AND DIVIDENDS

The loss for the year after tax was £19,401 (1999: profit £920,955). The Directors do not propose a dividend for the year (1999: £NIL).

POLICY ON PAYMENT OF SUPPLIERS

Due to the nature of the Company's operations and common to the industry as a whole, payments are often made in advance of the provision of goods and services. It is Company policy that payments to suppliers, whether in advance or after the provision of the goods or services, are made on the basis of the terms that have been agreed with them.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company at the date of this report are:

First Choice Holidays & Flights Limited
H Thomas
D Howell

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

As at 31 October 2000 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 2000	31 October 1999	31 October 2000	Granted	Exercised	31 October 1999	31 October 2000	31 October 1999
Ordinary Shares								
H Thomas	39,199	5,000	6,601	2,877	-	3,724	29,467	68,575

FIRST CHOICE OFFICE SERVICES LIMITED

DIRECTORS' REPORT for the year ended 31 October 2000

	No. of shares	Option exercise price(p)	Date first exercisable
H Thomas			
Restricted Share Plan	11,576	-	6 October 2001
Restricted Share Plan	17,891	-	15 December 2002
Savings Related Share Option Scheme	3,724	116.0p	1 November 2001
Savings Related Share Option Scheme	2,887	97.6p	1 October 2003

On 30 March 2000 Hywel Thomas exercised 56,999 shares granted on 14 March 1997 under the Restricted Share Plan.

The interests of D Howell are disclosed in the accounts of First Choice Holidays PLC. For full details on the above schemes, reference should be made to the Annual Report & Accounts of First Choice Holidays PLC. During the year the price of First Choice Holidays PLC shares ranged from between 99.5p and 161.5p and was 115.0p at 31 October 2000.

DIRECTORS' INSURANCE

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

AUDITORS

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 auditors

By order of the Board



**H Thomas
Director**

Date: 29 March 2001

FIRST CHOICE OFFICE SERVICES LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES
for the year ended 31 October 2000**

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 being 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 a 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 OFFICE SERVICES LIMITED**AUDITORS' REPORT
to the members of FIRST CHOICE OFFICE SERVICES LIMITED**

We have audited the financial statements on pages 5 to 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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. 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.

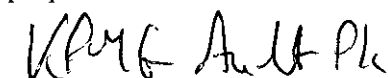
BASIS OF OPINION

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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

LONDON

Date: 29 March 2001

FIRST CHOICE OFFICE SERVICES LIMITED**PROFIT & LOSS ACCOUNT
for the year ended 31 October 2000**

	<i>Note</i>	<i>Continuing Operations 2000 £'000</i>	<i>Continuing Operations 1999 £'000</i>
Turnover	2	4,047,860	2,836,908
Operating Expenses	3	(3,855,105)	(2,701,817)
		<hr/>	<hr/>
Profit on ordinary activities before tax	4	192,755	135,091
Tax on profit on ordinary activities	5	(212,156)	785,864
		<hr/>	<hr/>
Retained profit / (loss) for the year	11	(19,401)	920,955

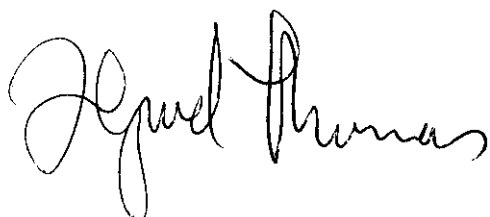
The Company has no other recognised gains or losses for the year.

A note on historical cost profits and losses has not been included as part of these financial statements as there is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

FIRST CHOICE OFFICE SERVICES LIMITED**BALANCE SHEET****As at 31 October 2000**

	<i>Note</i>	<i>2000</i> £	<i>1999</i> £
FIXED ASSETS			
Tangible Assets	6	8,879,724	3,691,359
CURRENT ASSETS			
Debtors	7	331,000	331,000
CREDITORS: amounts falling due within one year	8	<u>(7,394,624)</u>	<u>(2,668,475)</u>
Net Current Liabilities		<u>(7,063,624)</u>	<u>(2,337,475)</u>
Provisions	9	<u>(828,242)</u>	<u>(346,625)</u>
Net Assets		<u>987,858</u>	<u>1,007,259</u>
CAPITAL AND RESERVES			
Share Capital	10	100	100
Profit and loss account	11	<u>987,758</u>	<u>1,007,159</u>
Equity Shareholders' funds		<u>987,858</u>	<u>1,007,259</u>

Approved by the Board on 29 March 2001 and signed on their behalf by:



H Thomas
Director

FIRST CHOICE OFFICE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2000**

1. ACCOUNTING POLICIES**Accounting convention**

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards consistently applied and on a going concern basis as the Company has been assured of the continuing support of the ultimate parent company.

Turnover

Turnover represents amounts receivable for services provided to other group companies net of Value Added Tax.

Operating lease

Rentals payable and receivable under operating leases are charged or credited to the profit and loss account on a straight line basis over the period of the lease.

Deferred taxation

Deferred taxation is provided using the liability method on all material timing difference to the extent that the liability is expected to crystallise in the foreseeable future.

Depreciation

Depreciation is provided on all tangible fixed assets, other than land, on a straight line basis at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life.

The rates and methods used are as follows:

Leasehold properties	Period of lease
Motor vehicles	4 years
Office equipment	4 years
Computer equipment	3 years

Cash flow statement

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

FIRST CHOICE OFFICE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2000****1. ACCOUNTING POLICIES (continued)****Foreign currency translation**

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date, except to the extent that foreign currency denominated liabilities are covered by forward exchange contracts. The benefit of foreign exchange contracts purchased to cover future seasons' requirements is accounted for in the season to which such contracts relate. Profits and losses arising on trading and translation are dealt with through the profit and loss account.

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.

2. TURNOVER

The turnover and pre-tax profit are attributable to management services provided to other group companies which are provided in the United Kingdom and arise from continuing operations.

3. OPERATING EXPENSES

	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Depreciation	598,029	454,602
Other operating charges	3,257,076	2,247,215
	<u>3,855,105</u>	<u>2,701,817</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

is stated after charging:

	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Depreciation: owned fixed assets	598,029	454,602
Profit on disposal of fixed assets	(10,607)	-
Operating lease rentals		
- Land and buildings	2,067,181	1,183,483
- Motor vehicles	581,787	524,074

FIRST CHOICE OFFICE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2000**

The Directors did not receive any remuneration for their services during 2000 and 1999.

The Company did not employ any staff during 2000 and 1999.

The audit fee was borne by another group company during 2000 and 1999.

5. TAXATION

	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Corporation tax at 30 % (1999: 30.42%) based on:		
Profit for the year	(320,570)	(66,625)
Under / (over) provision in prior years	51,109	(1,065,864)
Deferred tax (Note 9)	481,617	346,625
	<u>212,156</u>	<u>(785,864)</u>

6. TANGIBLE FIXED ASSETS

	<i>Short Leasehold Property</i>	<i>Motor Vehicles</i>	<i>Office & Computer Equipment</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Cost				
Brought forward	5,733,322	134,822	3,980,269	9,848,413
Additions	-	-	5,786,787	5,786,787
Disposals	-	(18,860)	-	(18,860)
At 31 October 2000	<u>5,733,322</u>	<u>115,962</u>	<u>9,767,056</u>	<u>15,616,340</u>
Depreciation				
Brought forward	3,276,711	87,245	2,793,098	6,157,054
Provided for the year	269,473	20,444	308,112	598,029
Disposals	-	(18,467)	-	(18,467)
At 31 October 2000	<u>3,546,184</u>	<u>89,222</u>	<u>3,101,210</u>	<u>6,736,616</u>
Net Book Value				
At 31 October 2000	<u>2,187,138</u>	<u>26,740</u>	<u>6,665,846</u>	<u>8,879,724</u>
At 31 October 1999	<u>2,456,611</u>	<u>47,577</u>	<u>1,187,171</u>	<u>3,691,359</u>

FIRST CHOICE OFFICE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2000****7. DEBTORS**

	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
ACT Recoverable	331,000	331,000

8. CREDITORS amount falling due within one year

	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Amounts owed to fellow subsidiary undertakings	7,394,624	2,668,475

9. DEFERRED TAX

Deferred tax provided in the accounts and the total potential provision are as follows:

	<i>Provision Recognised 2000 £</i>	<i>Provision Recognised 1999 £</i>	<i>Potential 2000 £</i>	<i>Potential 1999 £</i>
Accelerated capital allowances	828,242	346,625	828,242	346,625

Deferred tax provision

At 1 November 1999		346,625
Debited to the Profit and Loss:		
Current Year		458,470
Prior Year		23,147
At 31 October 2000 (see note 5)		828,242

10. CALLED UP SHARE CAPITAL

	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Issued and fully paid		
100 ordinary shares of £1 each	100	100

FIRST CHOICE OFFICE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 2000****11. PROFIT AND LOSS ACCOUNT**

	£
At 1 November 1999	1,007,159
Retained loss for the year	(19,401)
At 31 October 2000	<u>987,758</u>

12. OPERATING LEASES

At 31 October 2000 the Company has annual commitments under non-cancellable operating leases as follows:

	<i>2000 Other Projects £</i>	<i>1999 Other Projects £</i>	<i>2000 Land and Buildings £</i>	<i>1999 Land and Buildings £</i>
Expiry date:				
Within one year	-	-	-	-
Between two and five years	-	-	440,297	410,573
In over five years	1,750,045		1,696,036	1,471,250
	<u>1,750,045</u>	-	<u>2,136,333</u>	<u>1,881,823</u>

The above are the contracted obligations of the Company which are recharged as appropriate to those fellow subsidiaries that make use of the facilities.

13. 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 Office Systems 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.