

Trek America Travel Limited

**Directors' report and financial
statements**

**Registered number 4803471
year ended 31 October 2005**



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Directors' report

The Directors present their annual report together with the financial statements for the year ended 31 October 2005.

Principal activity

The principal activity of the Company is marketing, selling and operating tours, treks and adventure holidays.

Business review

The profit after tax for the year was £368,000 (2004: £247,000).

Dividend

The Directors do not propose a dividend for the year ended 31 October 2005 (2004: £Nil).

Directors and Directors' interests

The Directors at the date of this report are:

D R Gillespie
A L John
C B Richards

None of the Directors had any beneficial interest in the shares of the Company during the period.

As at 31 October 2005 the interests of the Directors in the share capital of First Choice Holidays PLC, the ultimate Parent Company, were as follows:

	-----Ordinary Shares-----		-----Options-----	
	31 October 2005	31 October 2004	Granted	Exercised
D R Gillespie	109,423	109,423	-	-
A L John	61,464 ¹	59,805	88,026	23,863
C B Richards	-	7,933	7,928	1,921

¹ includes shares held in the share incentive plan

Policy and practice on payment of creditors

It is the Company's policy that payment to suppliers, whether in advance or after the provision of goods and services, is made on the basis of the terms that have been agreed with them. At the year end the number of creditor days outstanding was 6 days (2004: 2 days).

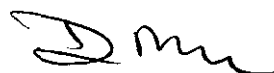
Directors' Insurance

The ultimate parent company maintains insurance policies on behalf of all the Directors of the Company against liabilities 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 and the appointment of auditors annually. Accordingly KPMG Audit Plc will continue in office as auditors.

By order of the Board



D R Gillespie
Director

First Choice House
London Road
Crawley
West Sussex
RH10 9GX

Date 17 July 2006

Registered number 4803471 / year ended 31 October 2005

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its 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.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.



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Independent Auditors' report to the members of Trek America Travel Limited

We have audited the financial statements on pages 4 to 13.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, 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 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 the Company's affairs as at 31 October 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit PLC

KPMG Audit Plc
Chartered Accountants
Registered Auditor

20 July 2006

Profit and loss account
for the year ended 31 October 2005

	<i>Note</i>	Year ended 31 October 2005 £000	Year ended 31 October 2004 £000
Turnover	<i>1</i>	7,388	6,104
Cost of sales		(5,217)	(4,191)
Gross profit		2,171	1,913
Administrative expenses		(1,780)	(1,703)
Other operating income		133	136
Operating profit		524	346
Interest receivable and similar income	<i>4</i>	2	1
Interest payable and similar charges	<i>4</i>	(5)	-
Profit on ordinary activities before taxation	<i>2</i>	521	347
Taxation	<i>5</i>	(153)	(100)
Retained profit for the period	<i>12</i>	368	247

All results arose from continuing activities.

There were no other recognised gains and losses other than the retained profit for the period. The historic cost profit is the same as the reported profit.

Balance sheet

at 31 October 2005

	<i>Note</i>	31 October 2005 £000	31 October 2004 £000
Fixed assets			
Intangible assets	6	696	735
Tangible assets	7	31	17
		<hr/> 727	<hr/> 752
Current assets			
Debtors	8	1,065	995
Cash at bank and in hand		1,052	403
		<hr/> 2,117	<hr/> 1,398
Creditors: amounts falling due within one year	9	(2,051)	(1,725)
		<hr/>	<hr/>
Net current assets/(liabilities)		66	(327)
		<hr/>	<hr/>
Total assets less current liabilities		793	425
		<hr/>	<hr/>
Net assets		793	425
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	793	425
		<hr/>	<hr/>
Equity shareholders' funds	13	793	425
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 17 July 2006 and were signed on its behalf by:



D R Gillespie
Director

Notes to the accounts

1 Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The following accounting policies have been consistently applied in dealing with items considered material in relation to the accounts.

Turnover

Turnover represents the aggregate amount of revenue receivable from inclusive tours (net of agents' commissions) and other services supplied to customers in the ordinary course of business plus the net commissions earned as travel agent (excluding value added tax as calculated under the Tour Operators' Margin Scheme).

Revenue is recognised on the date of departure and all direct costs of the holidays are charged to the profit and loss account on the same basis. Turnover excludes intra-group transactions and is stated after deduction of trade discounts.

Other operating income comprises commissions received from the sale of insurance.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration and associated costs given over the fair values of the separable net assets acquired) arising in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal instalments over its estimated useful life.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write down the cost less the estimated residual value, of all tangible fixed assets over their expected useful lives as follows:

Furniture and equipment	25% straight line
Motor vehicles	25% straight line
Computer equipment	25% straight line

Deferred taxation

Except as otherwise required by accounting standards, full provision is made for all timing differences, which have arisen but not reversed at the balance sheet date. Timing differences arise when items of income and expenditure are included in tax computations in periods different from their inclusion in the financial statements. Deferred tax assets are only recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Transactions in overseas currencies are translated at the exchange rate ruling at the date of the transaction or, where forward cover has been arranged, at the contractual rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date, or at a contractual rate if applicable, and any exchange differences arising are taken to the profit and loss account in the season to which the contract relates.

Contributions to pension funds

The Company contributes to money purchase pension schemes for certain Directors and employees. Contributions are charged to the profit and loss account as they become payable in accordance with the agreement between the trustees of the pension schemes and the company.

Notes to the accounts (continued)

1 Accounting Policies (continued)

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Deferred income

Client money received at the balance sheet date relating to holidays commencing after the period end is included as deferred income within creditors.

Marketing costs

Brochure and other marketing costs are charged to the profit and loss account in the season to which they relate.

Cash flow

The Company is exempt from the requirements of Financial Reporting Standard 1 to prepare a cash flow statement, as it is a wholly owned subsidiary of First Choice Holidays PLC. The consolidated financial statements of First Choice Holidays PLC, which include the Company, are publicly available (address given in note 16).

2 Profit on ordinary activities before taxation

The profit on ordinary activities is stated after charging:

	Year ended 31 October 2005	Year ended 31 October 2004
	£000	£000
Operating lease rentals		
Land and buildings	23	23
Other	6	6
Depreciation		
Owned	4	48
Amortisation of Goodwill	39	42
	<hr/>	<hr/>

Audit fees are borne by other group companies.

3 Directors and employees

Staff costs (including directors) during the period were as follows:

	Year ended 31 October 2005	Year ended 31 October 2004
	£000	£000
Wages and salaries	471	401
Social security costs	42	53
	<hr/>	<hr/>
	513	454
	<hr/>	<hr/>

Notes to the accounts *(continued)*

3 Directors and employees *(continued)*

The average number of employees of the Company (including directors) during the period was:

	Year ended 31 October 2005	Year ended 31 October 2004
	Number	Number
Administration and management	12	11
	<u>12</u>	<u>11</u>

Directors' emoluments were borne by other group companies in 2005 and 2004.

4 Interest

Interest receivable and similar income

	Year ended 31 October 2005 £000	Year ended 31 October 2004 £000
Bank interest receivable	2	1
	<u>2</u>	<u>1</u>

Interest payable and similar charges

	Year ended 31 October 2005 £000	Year ended 31 October 2004 £000
Interest payable on loans from fellow group undertakings	5	-
	<u>5</u>	<u>-</u>

Notes to the accounts (continued)

5 Taxation

The tax charge in the period is summarised as follows:

Tax on profit on ordinary activities:

(i) Analysis of charge in period

	Year ended 31 October 2005 £000	Year ended 31 October 2004 £000
Current tax:		
UK Corporation tax on profits for the year	153	115
Adjustment in respect of prior periods - permanent	(2)	(10)
	<hr/>	<hr/>
Total current tax	151	105
	<hr/>	<hr/>
Deferred tax:		
Origination and reversal of timing differences:		
- current period	4	(5)
- adjustment in respect of previous periods	(2)	-
	<hr/>	<hr/>
Total deferred tax	2	(5)
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	153	100
	<hr/> <hr/>	<hr/> <hr/>

(ii) Factors affecting the current tax charge for the period

The current tax charge for the period is lower (2004: higher) than the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are explained below:

	Year ended 31 October 2005 £000	Year ended 31 October 2004 £000
Profit on ordinary activities before tax	521	347
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004: 30%):	156	104
Effects of:		
- Expenses not deductible for tax purposes	-	6
- Depreciation for the period (less than)/in excess of capital allowances	(4)	5
- Adjustments to tax charge in respect of prior periods	(1)	(10)
	<hr/>	<hr/>
Current tax charge for the period	151	105
	<hr/> <hr/>	<hr/> <hr/>

Notes to the accounts (continued)

6 Intangible fixed assets

	Goodwill £000
Cost	
At 1 November 2004 and 31 October 2005	791
	<hr/>
Amortisation	
As at 1 November 2004	56
Provided in year	39
	<hr/>
At 31 October 2005	95
	<hr/>
Net book value	
As at 31 October 2005	696
	<hr/>
As at 31 October 2004	735
	<hr/>

7 Tangible fixed assets

	Motor vehicles £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost				
At 1 November 2004	29	2	43	74
Additions	7	1	10	18
Disposals	(9)	-	-	(9)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2005	27	3	53	83
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 November 2004	29	2	26	57
Provided in the period	1	-	3	4
Disposals	(9)	-	-	(9)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2005	21	2	29	52
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 October 2005	6	1	24	31
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2004	-	-	17	17
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the accounts (continued)

8 Debtors

	31 October 2005 £000	31 October 2004 £000
Trade debtors	334	-
Amounts owed by group undertakings	176	763
Other debtors	23	13
Deferred tax asset	6	8
Prepayments and accrued income	526	211
	<hr/> 1,065 <hr/>	<hr/> 995 <hr/>

9 Creditors: amounts falling due within one year

	31 October 2005 £000	31 October 2004 £000
Trade creditors	84	78
Amounts owed to group undertakings	1,255	1,178
Group relief payable to fellow group undertakings	294	198
Accruals and deferred income	418	271
	<hr/> 2,051 <hr/>	<hr/> 1,725 <hr/>

10 Deferred tax asset

	Deferred tax asset £000
At 1 November 2004	8
Provided in the period	(2)
	<hr/>
At 31 October 2005	6 <hr/>

The deferred tax asset wholly comprises depreciation charged in excess of capital allowances claimed.

There is no unprovided deferred taxation at either 31 October 2005 or 31 October 2004.

Notes to the accounts (continued)

11 Share capital

	31 October 2005 £	31 October 2004 £
Authorised:		
40,000 (2004: 40,000) ordinary shares of £1 each	40,000	40,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
1 (2004: 1) ordinary share of £1	1	1
	<hr/>	<hr/>

12 Reserves

	Profit and loss account £000	Total £000
At 1 November 2004	425	425
Retained profit for the period	368	368
	<hr/>	<hr/>
At 31 October 2005	793	793
	<hr/>	<hr/>

13 Reconciliation of movements in equity shareholders' funds

	31 October 2005 £000	31 October 2004 £000
Profit for the financial period	368	247
Opening equity shareholders' funds	425	178
	<hr/>	<hr/>
Closing equity shareholders' funds	793	425
	<hr/>	<hr/>

Notes to the accounts *(continued)*

14 Commitments

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

	31 October 2005 £000	Other 31 October 2004 £000
Leases expiring: Within one year	4	8
	<hr/> 4 <hr/>	<hr/> 8 <hr/>

15 Related party disclosures

The Company has taken advantage of the exemption contained in Financial Reporting Standard 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.

The directors confirm that there are no further related party transactions which require disclosure in these financial statements.

16 Ultimate and immediate parent company

First Choice Holidays PLC, a company registered in England and Wales, is the immediate and ultimate parent company. First Choice Holidays PLC is the parent undertaking of the largest and smallest group of which Trek America Travel 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.