



ARTHUR ANDERSEN

## Cresta Holidays Limited

Annual report and accounts  
for the year ended 30 September 2000

Registered number: 960252



## Contents

	Page
Company information	1
Directors' report	2 to 4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to accounts	8 to 16

## Company information

### **DIRECTORS**

S.A.H. Kimber

R. Locke

S. Martin

L. Thuesen

M.G. Hill

J.R. Hayward

G. McMahon

(appointed 2 January 2001)

Airtours Management Services Limited

### **SECRETARY**

J.R. Hayward

### **REGISTERED OFFICE**

Tabley Court

Victoria Street

Altrincham

Cheshire

WA14 1EZ

### **AUDITORS**

Arthur Andersen

Bank House

9 Charlotte Street

Manchester

M1 4EU

## **Directors' report**

For the year ended 30 September 2000

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 30 September 2000.

### **Principal activity and business review**

The principal activity of the company continues to be that of a worldwide tour operator.

The directors expect the general level of activity to continue.

### **Results and dividends**

Turnover for the year was £122.7 million (1999 - £107.4 million) and a profit on ordinary activities before tax of £3.8 million (1999 - £6.9 million) was made.

No dividend was paid during the year (1999 - £Nil).

### **Supplier payment policy**

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

Trade creditors and accruals of the company at 30 September 2000 were equivalent to 29 (1999 - 26) days' purchases, based on the average daily amount invoiced by suppliers during the year.

### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### **Employee consultation**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, the quarterly newsletter, the company intranet and regular staff conferences.

### **Directors and their interests**

The directors of the company, who served throughout the year and at the date of this report, are set out on page 1.

The directors, other than G. McMahon, are also directors of Cresta Holidays (Holdings) Limited, the immediate parent undertaking of Cresta Holidays Limited, and Cresta (Transport Brokers) Limited, a wholly owned subsidiary of Cresta Holidays Limited.

## Directors' report (continued)

### Directors and their interests (continued)

None of the directors held any beneficial interest in the share capital of the company or of Cresta Holidays (Holdings) Limited, or of Cresta (Transport Brokers) Limited.

L. Thuesen's interests in the shares of the ultimate parent undertaking, Airtours plc, are disclosed in the accounts of that company.

Director's interests in the 10p ordinary shares of the ultimate parent undertaking, Airtours plc, are as follows:

	SAYE scheme options 2000 Number	SAYE scheme options 1999 Number	Executive 1999 scheme 2000 Number	Executive 1999 scheme 1999 Number
G. McMahon	4,768	-	77,452	-

According to the register of directors' interests maintained under the Companies Act 1985, no rights to subscribe for shares in or debentures of Airtours plc were granted to any of the directors or their immediate families or exercised by them during the financial year except as indicated below.

### Savings related scheme options outstanding

Date	Granted 2000	Lapsed in year	Exercised in year	Total balance
G. McMahon	4,768	-	-	4,768

### Executive scheme options outstanding

Date	Granted 2000	Granted 2000	Lapsed in year	Exercised in year	Total balance
G. McMahon	55,968	77,452	(55,968)	-	77,452

Other directors' interests in the shares of the ultimate parent undertaking, Airtours plc, are disclosed in the accounts of the immediate parent company, Cresta Holidays (Holdings) Limited.

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

## Directors' report (continued)

### Statement of directors' responsibilities

Company law requires the directors to prepare accounts 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 year. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 accounts 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

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Tabley Court  
Victoria Street  
Altrincham  
Cheshire  
WA14 1EZ

By order of the Board,



S.A.H. Kimber  
Director

5 April 2001



**To the Shareholder of Cresta Holidays Limited:**

We have audited the accounts on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

**Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of the accounts 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.

**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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

5 April 2001

## Profit and loss account

For the year ended 30 September 2000

	Notes	2000 £'000	1999 £'000
<b>Turnover</b>	2	122,667	107,398
Cost of sales		(105,976)	(91,292)
<b>Gross profit</b>		16,691	16,106
Other operating expenses (net)	3	(18,859)	(16,746)
<b>Operating loss</b>		(2,168)	(640)
Interest receivable and similar income	4	6,002	7,506
<b>Profit on ordinary activities before taxation</b>	5	3,834	6,866
Tax on profit on ordinary activities	7	17	265
<b>Profit on ordinary activities after taxation</b>		3,851	7,131
<b>Retained profit, beginning of year</b>	15	8,151	1,020
<b>Retained profit, end of year</b>	15	12,002	8,151

All of the above results derive from continuing operations.

The company has no recognised gains or losses in either year other than the profit for that year.

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



Balance sheet  
30 September 2000

	Notes	2000 £'000	1999 £'000
<b>Fixed assets</b>			
Tangible assets	8	1,667	1,638
Investments	9	2	2
		<u>1,669</u>	<u>1,640</u>
<b>Current assets</b>			
Stocks	10	270	-
Debtors	11	33,485	29,731
		<u>33,755</u>	<u>29,731</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(23,322)</u>	<u>(23,120)</u>
<b>Net current assets</b>		<u>10,433</u>	<u>6,611</u>
<b>Total assets less current liabilities</b>		<u>12,102</u>	<u>8,251</u>
<b>Provisions for liabilities and charges</b>	13	-	-
<b>Net assets</b>		<u>12,102</u>	<u>8,251</u>
<b>Capital and reserves</b>			
Called-up share capital	14	100	100
Profit and loss account	15	12,002	8,151
<b>Equity shareholder's funds</b>	16	<u>12,102</u>	<u>8,251</u>

Signed on behalf of the Board



S.A.H. Kimber

Director

5 April 2001

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

## Notes to accounts

30 September 2000

### 1 Accounting policies

A summary of the company's principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below:

#### a) *Basis of accounting*

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

#### b) *Turnover*

Turnover represents amounts receivable for holidays with departure dates in the accounting period, stated gross of agents' commission.

#### c) *Tangible fixed assets*

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

Equipment and machinery	20% - 25% per annum on a straight-line basis
Motor vehicles	25% per annum on a straight-line basis

#### d) *Investments*

Fixed asset investments are shown at cost less any provision for impairment.

#### e) *Advance receipts*

Advance receipts represent monies received in respect of tours departing after the company's year end, for which no credit is taken in the profit and loss account.

#### f) *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally interest receivable and depreciation, in the accounts and by the tax authorities) has been calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal.

## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### g) Foreign currency

Transactions denominated in foreign currencies are recorded in the local currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at that date or in related forward contracts. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### h) Brochures

Expenditure on brochures is capitalised and written off in the period to which the brochure relates.

#### i) Pension costs

Contributions are charged as an expense in the period in which they are incurred. See note 18e for further information.

#### j) Operating leases

The company enters into operating leases as described in note 18d. Rentals are charged on a straight line basis over the lease term. Rent free periods and reverse premiums are amortised over the shorter of the lease term and the period to the next rent renegotiation.

### 2 Segment information

The turnover and profit before taxation of the company during the year arose wholly in the United Kingdom and relates to the company's principal activity as a tour operator.

### 3 Other operating expenses (net)

	2000 £'000	1999 £'000
Distribution costs	12,476	10,754
Administrative expenses	6,383	5,992
	<u>18,859</u>	<u>16,746</u>

During the current year, the company recharged £13.1 million (1999 - £11.2 million) to Cresta (Transport Brokers) Limited, a wholly owned subsidiary, which has been offset against administrative expenses.

## Notes to accounts (continued)

### 4 Interest receivable and similar income

	2000 £'000	1999 £'000
Dividend from subsidiary undertaking	4,500	6,500
Bank interest receivable	78	61
Taxation interest	124	29
Interest receivable from other group companies	1,300	916
	<u>6,002</u>	<u>7,506</u>

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2000 £'000	1999 £'000
Depreciation	628	591
Annual rental on operating leases (see note 18d)	601	517
Auditors' remuneration		
- audit fees	26	25
- non audit fees	-	1
Staff costs (see note 6)	<u>8,437</u>	<u>8,110</u>

### 6 Staff costs

Particulars of employees (including executive directors) are as shown below:

	2000 £'000	1999 £'000
Employee costs during the period amounted to:		
Wages and salaries	7,531	7,228
Social security costs	708	714
Other pension costs (see note 18e)	198	168
	<u>8,437</u>	<u>8,110</u>

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## Notes to accounts (continued)

### 6 Staff costs (continued)

The average monthly number of persons, including directors, employed by the company during the period was as follows:

	2000 Number	1999 Number
Travel and tour operations	<u>482</u>	<u>473</u>

Directors' remuneration:

Staff costs include the following emoluments in respect of directors:

	2000 £	1999 £
Emoluments	748,400	672,594
Company contributions to money purchase pension schemes	<u>45,075</u>	<u>34,036</u>
	<u>793,475</u>	<u>706,630</u>

Pensions:

The number of directors who were members of pension schemes was as follows:

	2000 Number	1999 Number
Money purchase schemes	<u>5</u>	<u>5</u>

Highest-paid director:

The above amounts for remuneration include the following in respect of the highest paid director:

	2000 £	1999 £
Emoluments	189,987	216,584
Company contributions to money purchase schemes	<u>9,605</u>	<u>10,754</u>
	<u>199,592</u>	<u>227,338</u>

## Notes to accounts (continued)

### 7 Taxation

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

	2000 £'000	1999 £'000
Corporation tax credit	(223)	(97)
Deferred tax	36	(22)
Adjustment to current taxation in respect of prior years	170	-
Adjustment to deferred tax in respect of prior years	-	(146)
	<u>(17)</u>	<u>(265)</u>

### 8 Tangible fixed assets

	Plant and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>			
Beginning of year	3,164	399	3,563
Additions	647	50	697
Disposals	(563)	(56)	(619)
End of year	<u>3,248</u>	<u>393</u>	<u>3,641</u>
<b>Depreciation</b>			
Beginning of year	1,779	146	1,925
Charge for year	529	99	628
Disposals	(533)	(46)	(579)
End of year	<u>1,775</u>	<u>199</u>	<u>1,974</u>
<b>Net book value</b>			
Beginning of year	<u>1,385</u>	<u>253</u>	<u>1,638</u>
End of year	<u>1,473</u>	<u>194</u>	<u>1,667</u>

### 9 Fixed asset investments

	2000 £'000	1999 £'000
Subsidiary undertaking	<u>2</u>	<u>2</u>

The company holds 100% of the share capital of Cresta (Transport Brokers) Limited, a company registered in England and Wales. This company's principal activity has been to purchase transportation for Cresta Holidays Limited. The issued share capital consists of 2,000 ordinary shares of £1 each.

## Notes to accounts (continued)

### 10 Stock

	2000 £'000	1999 £'000
Raw materials and consumables	<u>270</u>	<u>-</u>

Raw materials and consumables of £412,000 were included within prepayments in 1999.

### 11 Debtors

	2000 £'000	1999 £'000
Trade debtors	1,186	1,655
Amounts owed by group undertakings	30,210	22,757
ACT recoverable	-	2,158
Other debtors	189	248
Prepayments and accrued income	1,821	2,483
Corporation tax receivable	79	430
	<u>33,485</u>	<u>29,731</u>

### 12 Creditors: Amounts falling due within one year

	2000 £'000	1999 £'000
Bank overdraft	501	1,538
Trade creditors	2,458	2,790
Advance receipts	7,099	6,706
Amounts owed to group undertakings	3,096	4,213
Other taxes and social security	559	498
Accruals and deferred income	9,609	7,375
	<u>23,322</u>	<u>23,120</u>



## Notes to accounts (continued)

### 13 Provisions for liabilities and charges

	2000 £'000	1999 £'000
Deferred taxation	-	-

The movement on deferred taxation comprises:

	2000 £'000	1999 £'000
Beginning of period	(50)	74
Charged to the profit and loss account in respect of - other timing differences	36	22
Adjustment in respect of previous year	-	(146)
End of period	(14)	(50)

The deferred tax asset is included in other debtors.

There is no unprovided deferred taxation at 30 September 2000 (1999 - £nil).

### 14 Called-up equity share capital

	2000 £'000	1999 £'000
Authorised, issued and fully-paid 100,000 ordinary shares of £1 each	100	100

### 15 Reserves

	2000 £'000	1999 £'000
Profit and loss account		
Beginning of year	8,151	1,020
Retained profit for the year	3,851	7,131
End of year	12,002	8,151

Of the company's reserves £12.0 million (1999 - £8.1 million) are regarded as distributable.

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## Notes to accounts (continued)

### 16 Reconciliation of movements in shareholder's funds

	30 September 2000 £'000	30 September 1999 £'000
Profit for the financial year	3,851	7,131
Opening shareholder's funds	8,251	1,120
Closing shareholder's funds	<u>12,102</u>	<u>8,251</u>

### 17 Cash flow statement

Under the provisions of Financial Reporting Standard No.1 (Revised - 1996), the company has not prepared a cash flow statement because its ultimate parent undertaking, Airtours plc, which is registered in England and Wales, has prepared consolidated accounts which include the accounts of the company for the period and which contain a cash flow statement.

### 18 Guarantees and other financial commitments

#### a) Capital commitments

	2000 £'000	1999 £'000
Contracted but not provided for	<u>131</u>	<u>91</u>

#### b) Contingent liabilities

In order to manage future foreign currency requirements, the company enters into certain forward contracts to purchase foreign currency. At the balance sheet date the company had contracted to purchase £49,600,744 (1999 - £44,499,461) of foreign currency.

#### c) Bonding arrangements

In accordance with its business as a tour operator the company has various bonding agreements, totalling £14.5m (1999 - £15.1m).

#### d) Lease commitments

The company leases certain land and buildings on short term leases. The annual rental on these leases was £601,000 (1999 - £517,000). The rents payable under these leases are subject to renegotiation at various intervals specified in the lease contracts.

## Notes to accounts (continued)

### 18 Guarantees and other financial commitments (continued)

#### d) Lease commitments (continued)

The minimum annual rentals under the foregoing property leases are as follows:

	2000 £'000	1999 £'000
Operating leases which expire:		
- between two and five years	24	20
- after five years	577	497
	<hr/> 601	<hr/> 517

#### e) Pension arrangements

The company operates a defined contribution pension scheme to provide retirement benefits for certain employees and a Group Personal Pension Plan which is also a defined contribution pension scheme for the benefit of all employees. The pension cost charge for the period amounted to £198,000 (1999 - £168,000).

### 19 Related party transactions

The company has taken advantage of the exemptions within FRS8, Related party disclosures, not to disclose transactions with fellow group undertakings which are eliminated on consolidation.

### 20 Ultimate parent company

The largest and smallest group in which the results of Cresta Holidays Limited are consolidated is that headed by Airtours plc., the accounts of which may be obtained from Airtours plc, Parkway One, Parkway Business Centre, 300 Princess Road, Manchester M14 7QU.