

10365

Wightlink Holidays Limited

Report and Financial Statements

31 December 2002

 **ERNST & YOUNG**



Wightlink Holidays Limited

Registered No. 1036534

DIRECTORS

M P Aiken (Executive Chairman)
A S Humphries (Finance Director)

SECRETARY

A S Humphries

AUDITORS

Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

BANKERS

The Royal Bank of Scotland plc
135 Bishopsgate
London
EC2M 3UR

SOLICITORS

MacFarlanes
10 Norwich Street
London
EC4A 1BD

Moore and Blatch
11 The Avenue
Southampton
SO17 1XF

REGISTERED OFFICE

Wightlink House
70 Broad Street
Portsmouth
Hampshire
PO1 2LB

Wightlink Holidays Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2002.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £73,000 (2001: £69,000).

The directors do not recommend the payment of a dividend (2001: £Nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activities during the year continued to be the provision of holidays on the Isle of Wight.

Both the level of business during the year and the financial position at the end of the year were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 2002 were as follows:

M P Aiken (Executive Chairman)
A S Humphryes (Finance Director)

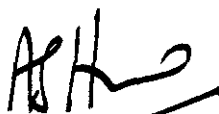
The directors had no interests in the share capital of the company at 31 December 2002 or 31 December 2001.

The interests of the directors in the share capital of Wightlink Shipping Limited, the company's ultimate parent undertaking, are disclosed in the accounts of that company.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board



A S Humphryes
Secretary

8 April 2003

Wightlink Holidays Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 to 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.

INDEPENDENT AUDITORS' REPORT
to the members of Wightlink Holidays Limited

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 9. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 auditors' 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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.

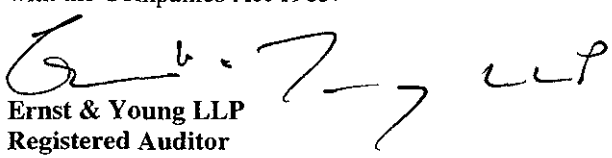
Basis of audit opinion

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 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 as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Southampton

8 April 2003

Wightlink Holidays Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

	<i>Notes</i>	<i>2002 £000</i>	<i>2001 £000</i>
TURNOVER - Continuing operations	2	1,316	1,244
Net operating costs	3	1,212	1,142
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	104	102
Tax charge on profit on ordinary activities	5	31	33
PROFIT RETAINED FOR THE FINANCIAL YEAR		73	69
RETAINED PROFIT BROUGHT FORWARD		1,047	978
RETAINED PROFIT CARRIED FORWARD		1,120	1,047

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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2002

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £73,000 for the year ended 31 December 2002 and of £69,000 for the year ended 31 December 2001.

There are no movements in shareholders' funds for the current and preceding financial year other than those stated in the profit and loss account. Accordingly no reconciliation of movements on shareholders' funds is provided.

All activities derive from continuing operations.

Wightlink Holidays Limited

BALANCE SHEET at 31 December 2002

	Notes	2002 £000	2001 £000
CURRENT ASSETS			
Amounts owed by parent and fellow subsidiary undertakings		1,371	1,267
TOTAL ASSETS LESS CURRENT LIABILITIES		1,371	1,267
CREDITORS: amounts falling due after more than one year			
Amounts owed to parent undertakings		251	220
		1,120	1,047
CAPITAL AND RESERVES			
Called up share capital	6	-	-
Profit and loss account		1,120	1,047
SHAREHOLDERS' FUNDS		1,120	1,047

There is a small non-equity interest in shareholders' funds (note 6).

M P Aiken

ASH
A S Humphries

Directors

8 April 2003

Wightlink Holidays Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2002

1. ACCOUNTING POLICIES

Basis of preparation

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

Cash flow statement

The company has utilised the exemptions provided under Financial Reporting Standard No.1 (Revised 1998) as a wholly owned subsidiary undertaking of a parent undertaking preparing statutory consolidated accounts and has not presented a cash flow statement.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. TURNOVER

Turnover, which is stated net of value added tax, represents income from holidays sold and is derived entirely within the United Kingdom.

3. OPERATING PROFIT

Net operating costs comprise:

	2002 £000	2001 £000
Cost of sales	1,101	1,028
Administrative expenses	111	114
	<u>1,212</u>	<u>1,142</u>

The audit fee is borne by the company's parent undertaking, Wightlink Limited.

Wightlink Holidays Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2002

4. DIRECTORS' AND EMPLOYEES

The directors received no remuneration for their services during the year (2001: £Nil).

The company had no employees during the year (2001: Nil).

5. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

Based on the profit for the year:

	2002 £000	2001 £000
Group relief at standard rate of corporation tax in the UK of 30%	31	33

There were no timing differences on which deferred tax should be provided (2001: £Nil).

6. SHARE CAPITAL

	2002 No.	Authorised 2001 No.	Allotted, called up and fully paid 2002 £	2001 £
Ordinary shares of 10p each	100	100	10	10
10% non-cumulative first preference shares of 10p each	900	900	90	90
	<u>1,000</u>	<u>1,000</u>	<u>100</u>	<u>100</u>

The issued 10% non-cumulative first preference shares represent the non-equity interest in shareholders' funds of just £90.

The 10% non-cumulative preference shares carry the right to receive a fixed non-cumulative preferential dividend at the rate of 10% per annum in priority to any payment to the holders of any class of shares. The shares carry no rights to participate further in the profits of the company. The shares rank *pari passu* with the ordinary shares for repayment of capital in the event of a winding up. The holders of the 10% non-cumulative preference shares have no voting rights.

7. CONTINGENT LIABILITIES

There are fixed and floating charges over the assets of the company in favour of the trustee for the parties providing debt finance to the company's parent undertaking. The company is a party to a group guarantee in favour of those parties.

There is a PSA bond for £361,000 (2001: £394,000) held by The Royal Bank of Scotland plc against working capital.

8. RELATED PARTIES

Advantage has been taken of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with Wightlink Shipping Limited or other group undertakings as the consolidated accounts of the Wightlink group in which the company is included are publicly available.

Wightlink Holidays Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2002

9. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The share capital of the company is owned directly by Wightlink Limited, a company registered in England and Wales.

In the directors' opinion, the company's ultimate parent undertaking is Wightlink Shipping Limited, a company incorporated on 20 September 2001 and registered in England and Wales. The consolidated accounts of Wightlink Shipping Limited are those of both the smallest and largest group of which the company is a member and for which group accounts have been prepared. Copies of its group accounts, which include the company, are available from 70 Broad Street, Portsmouth, Hampshire.