

1036534

Wightlink Holidays Limited

Report and Accounts

31 December 1998



Wightlink Holidays Limited

Registered No. 1036534

DIRECTORS

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

SECRETARY

A S Humphries

AUDITORS

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

BANKERS

The Royal Bank of Scotland plc
Waterhouse Square
38-142 Holborn
London
EC1N 2TH

SOLICITORS

MacFarlanes
10 Norwich Street
London
EC4A 1BD

REGISTERED OFFICE

Wightlink House
70 Broad Street
Portsmouth
Hampshire
PO1 2LB

Wightlink Holidays Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1998.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £135,000 (1997: £89,000).

The directors do not recommend the payment of a dividend (1997: £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.

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems may require modification or replacement to accommodate the year 2000 and beyond, in order to avoid malfunctions and resulting widespread commercial disruption. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers.

The company is at an advanced stage in assessing the risks to our business resulting from the date change to the year 2000. From this, action plans have been developed which are designed to address the key risks in advance of critical dates and without disruption to the business. Priority is given to those systems which could cause a significant financial or legal impact on the company's business if they were to fail. The plans also include a requirement for testing systems changes, involving the participation of users. The risk analysis also considers the impact on our business of year 2000 related failures by our significant suppliers and customers. In appropriate cases, we have initiated formal communication with these other parties.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no year 2000 problems will arise. However, the Board believes that it will achieve an acceptable state of readiness.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 1998 were as follows:

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

The directors had no interests in the share capital of the company at 31 December 1998.

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

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board


Secretary

26 MAR 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

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 period. 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; and
- prepare the accounts on a 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.

REPORT OF THE AUDITORS
to the members of Wightlink Holidays Limited

We have audited the accounts on pages 5 to 8 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

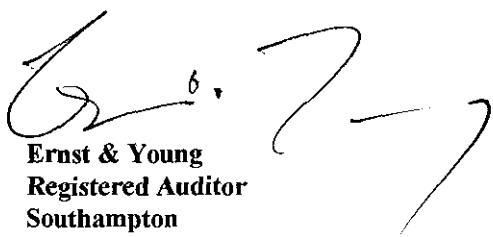
Basis of opinion

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 affairs of the company as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Southampton

26 MAR 1999

Wightlink Holidays Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

	<i>Notes</i>	<i>1998 £000</i>	<i>1997 £000</i>
TURNOVER - continuing operations	2	1,717	1,530
Net operating costs	3	1,582	1,434
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	135	96
Tax on profit on ordinary activities	5	-	7
PROFIT RETAINED FOR THE FINANCIAL YEAR		135	89
RETAINED PROFIT BROUGHT FORWARD		2,163	2,074
RETAINED PROFIT CARRIED FORWARD		2,298	2,163

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £135,000 for the year ended 31 December 1998 and of £89,000 for the year ended 31 December 1997.

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.

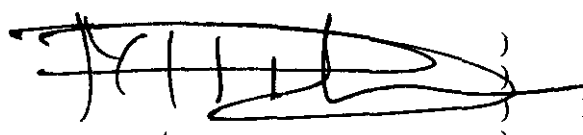
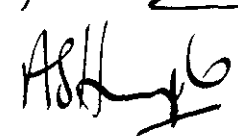
All activities derive from continuing operations.

Wightlink Holidays Limited

BALANCE SHEET at 31 December 1998

	Notes	1998 £000	1997 £000
CURRENT ASSETS			
Amounts owed by parent and fellow subsidiary undertakings	6	2,450	2,278
CREDITORS: amounts falling due within one year			
Amounts owed to parent undertakings		145	108
Corporation tax		7	7
		152	115
		2,298	2,163
CAPITAL AND RESERVES			
Called up share capital	7	-	-
Profit and loss account		2,298	2,163
SHAREHOLDERS' FUNDS		2,298	2,163

There is a small non-equity interest in shareholders' funds (note 7).



 Directors

26 MAR 1999

Wightlink Holidays Limited

NOTES TO THE ACCOUNTS

at 31 December 1998

1. ACCOUNTING POLICIES

Basis of preparation

The accounts 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 provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

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:

	1998 £000	1997 £000
Cost of sales	1,426	1,297
Administrative expenses	156	137
	<u>1,582</u>	<u>1,434</u>

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

4. DIRECTORS' AND EMPLOYEES

The directors received no remuneration for their services during the year (1997: £Nil).

The company had no employees during the year (1997: Nil).

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Based on the profit for the year:

	1998 £000	1997 £000
UK corporation tax	-	7

There were no timing differences on which deferred tax should be provided (1997: £Nil).

Wightlink Holidays Limited

NOTES TO THE ACCOUNTS at 31 December 1998

6. CURRENT ASSETS

Amounts owed by parent and fellow subsidiary undertakings of £2,450,000 (1997: £2,278,000) comprise amounts falling due after more than one year.

7. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1998</i>	<i>1997</i>	<i>1998</i>	<i>1997</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
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.

8. CONTINGENT LIABILITIES

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

There is a PSA bond for £400,000 held by The Royal Bank of Scotland plc against working capital.

9. ULTIMATE PARENT UNDERTAKING

The share capital of the company is owned directly by Wightlink Limited, a company registered in England and Wales. The company is a wholly owned subsidiary undertaking of Wightlink Group Limited, a company registered in England and Wales. The consolidated accounts of Wightlink Group Limited are those of both the smallest and largest group of which the company is a member and for which group accounts are prepared.