Company Registration No. 01609517

All Leisure group plc

Annual Report and Financial Statements

31 October 2011

All Leisure group plc

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This annual report of All Leisure group plc ("All Leisure", "the Group", "the Company") contains some forward-looking information and statements that involve known and unknown risks and uncertainties, including statements about the Group's plans, objectives and intentions The information and statements contained herein are stated by the Directors in good faith as at the date of this report and there exists the risk that actual results and outcomes may differ from the information and statements made

All Leisure group plc

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All Leisure group plc
Chairman's Statement

Against a backdrop of unprecedented natural disasters and geo-political events, and despite challenging market conditions, reduced discretionary customer spending, persistent low interest rates, increased oil prices and a weak Pound, I am able to announce that the Group has delivered a reasonable performance

Results

Despite a 7 1% increase in passenger nights giving rise to higher revenues for the three cruise brands (Voyages of Discovery, Swan Hellenic and Hebridean Island Cruises), revenues declined by 2 8% to £80 36m (2010 £82 61m) the decline was as a result of mv Alexander von Humboldt charter issues detailed below, coupled with the impact of the Arab Spring on Discover Egypt

Operating profits before gains and losses on certain derivative financial instruments for the financial year increased by £0 29m to £3 38m (2010 £3 09m profit), although this year's result has been impacted by the one-off items which are noted below The current year unadjusted operating profit has increased to £5 32m (2010 loss of £2 40m) with the favourable movement being due to a £7 43m swing in the mark to market adjustments related to the valuation of certain derivative items used for hedging purposes Overall, this resulted in Group profit being £5 68m (2010 £2 07m loss)

2010/11 final dividend

On 29 July 2011 the Board proposed to maintain the interim dividend at 0 64p per share The Board is now proposing a final dividend of 1 31p per share (FY2010 1 31p) to be paid on Tuesday 1st May, resulting in a full year FY2011 dividend of 1 95p per share (FY2010 1 95p) This dividend is paid in recognition of the strong underlying asset-backed, brand value and customer loyalty of the business, along with confidence in the long term future of the Group

Review of performance

As noted, this operating result includes several one-off items that have had both a favourable and a detrimental impact on the year under review, which, when are taken into account, result in our underlying operating profit being £2 61m (2010 a loss of £1 95m) including the effects of unrealised gains and losses on certain derivative financial instruments or £0 67m (2010 a profit of £3 54m) excluding them (See Finance Director's Report for further details)

As noted in the announcement dated 17 October, the Group's main trading subsidiary, All Leisure Holidays Limited ("All Leisure Holidays"), was successful in its claim against the underwriters of the passenger protection insurance provided to customers who booked cruises with Hebridean Island Cruises Limited ("HICL") prior to HICL going into administration The Court ruled in All Leisure Holidays' favour on all accounts and awarded the full amount claimed The amount, £1 86m, included within other income, is shown net of unrecoverable legal costs incurred fighting the case

Secondly, All Leisure Holidays received sums totalling £1 60m from insurers in respect of a number of technical issues that had affected two ships within the Group's fleet in previous financial years This sum includes payments on account, rather than full settlements, for certain claims and therefore management remains optimistic that further sums may be recovered Such additional sums have not been recognised in these results

Regrettably I also have to report a significant one off cost that the Group has had to bear, which arose from the bareboat charter of mv Alexander von Humboldt to a third party operator We have taken the prudent decision to provide for costs arising from a contractual arrangement of £0 75m This matter is addressed in further detail in note 4 to the financial statements, however in brief this liability has arisen due to the charterer not paying for services ordered and delivered to the ship, accordingly the suppliers are now seeking recompense from the Group Having sought legal opinion, management remain of the view that these claims are unjustified, particularly when the charterer is still trading, however it is probable that funds will need to be paid to the courts or, alternatively, directly to the suppliers, to withdraw these claims In addition to these costs the Group did not achieve the expected revenue from this charter Whilst it is very disappointing to incur such costs, they are indicative of the incredibly difficult current economic and geo-political environment all companies within the travel industry have to endure

All Leisure group plc
Chairman's Statement (continued)

Dividend policy

The Directors reiterate that they intend to continue a policy which, subject to satisfactory trading and having regard to prevailing circumstances and opportunities, will provide for the distribution of a proportion of the consolidated profit after tax of the Group, whilst continuing to retain the balance of the Group's earnings to facilitate the Board's strategy for the continued growth of the Group

Strategy

The Group's strategy remains unchanged, namely to achieve growth by exploiting the increasing demand for destination-led cruise holidays and by providing an increasing choice of other niche holiday products into the over-55 English speaking market

The Directors believe that the Group's chosen niche markets have a number of fundamental attractions

- **Significant barriers to entry** The Directors believe that a growing focus by regulators on safety and consumer protection is raising the barriers to entry for those wishing to enter the Group's markets This is benefiting established brands with strong balance sheets
- **High levels of repeat business.** The Group has again enjoyed significant repeat passenger business during the year, underlining the benefits of customer loyalty
- **Strong revenue visibility** Despite a trend towards later booking in recent months, the Group enjoys significant forward visibility on its cruise bookings compared with other package holiday products Cruises go on sale more than twelve months prior to departure and the Group generally achieves two-thirds of expected bookings before the season commences
- **An attractive tax regime** The mv Discovery, mv Minerva, mv Alexander von Humboldt and mv Hebridean Princess all qualify for taxation under the UK tonnage tax regime As a result, the Directors expect the Group tax rate to be lower than the current level of UK corporation tax for the foreseeable future

In addition, the Group has other considerable strengths

- **Well established brands** Swan Hellenic was established in 1954, Hebridean Island Cruises in 1988, Voyages of Discovery was established in 1994 and Discover Egypt in 1999 By virtue of their history, we believe that all four brands represent trusted names, generating significant customer loyalty in their niche markets, both in the UK and overseas
- **Operational excellence.** On-board surveys of ocean cruise passenger attitudes reveal that nine out of ten of last year's passengers surveyed intend to cruise with the Group in the future
- **A committed and experienced management team** The Board and two other senior executives together own 74 per cent of the shares in issue The management team brings a wide range of complementary experience from both inside and outside the travel industry
- **Strong asset backing.** The Group owns three freehold properties as well as the ships mv Discovery, mv Hebridean Princess and mv Alexander von Humboldt All assets are clear of any outstanding debt Independent valuations of the Group's fleet are significantly higher than current book value
- **Significant balance sheet liquidity.** The Group has no debt and ended the financial year with unrestricted cash (including advanced customer receipts) of £6 7m (2010 £15 1m) primarily due to a combination of fleet investment, the effects of withdrawing mv Minerva for Winter 2011/12 on advanced customer deposits and Discover Egypt

Set out in the Directors' report within the Business Review are details of the Group's principal risks and uncertainties together with examples of the Group's mitigating activities concerning those risks and uncertainties

Corporate governance

As an AIM-traded entity, the Group is not required to comply with the requirements of the UK Corporate Governance Code However, the Group seeks to apply aspects of the Code that the Board feels are appropriate to a group of this size and aims to improve where possible Please refer to the Group's Corporate Governance Statement for further details

All Leisure group plc
Chairman's Statement (continued)

Senior management changes

Further to the resignation of Guy Marchant and subsequent appointment of Neil Morris noted in my statement for the year ended 2010, during the year Ross Jobber, the Group's Chief Operating Officer, announced he would be returning to work in the City and resigned on 8 April 2011 On behalf of the Board I would like to thank Ross for his contribution as both Chief Operating Officer for the Group and, preceding that appointment, as a Non-executive Director and wish him the best for his new role

Other departures, at All Leisure Holidays Limited, included Dudley Smith (retired) and Mark Jeffries (resigned) I would like to thank both of them for their contribution to All Leisure Holidays Limited over the years Jos Dewing and Nigel Cressey were appointed to the Board of All Leisure Holidays Limited having worked within the Group for a number of years and I would like to congratulate them both on their promotions

Operational review and plans for 2012

As per my announcement of 29 November, winter trading is extremely challenging with a growing trend towards late bookings

We have taken the strategic decision to manage our capacity and plan significant dry docks, refits, maintenance and upgrades during 2012 In addition, we will continue to develop new routes to market, for example via GDS and on-line to broaden customers' options and product offerings

As part of these plans, we have taken mv Minerva out of service (as of 23 November in Sharm El Sheikh) to carry out a major refit and substantial upgrade in Bremerhaven, Germany This upgrade will include, but is not limited to, adding 32 balconies, enlarging some cabins, upgrading bathrooms, adding an observation lounge, and will include a substantial technical upgrade which will not only enhance the customer experience but make the vessel greener and more efficient mv Minerva will therefore be out of service for over 3 months, recommencing operations in March this year The majority of this work is being paid for by the vessel's owner and will cost in the region of €14 million In return for these improvements, we have extended the lease for a further 8 years to November 2021 at the same lease rate We have also agreed to assist the owner's financing of these improvements by paying an additional deposit of up to €2 million, this deposit will be recovered by way of non-payment of lease rentals at the end of the lease term These improvements should benefit our yield and bottom line for the year ending October 2013 and beyond We are delighted to say that we are seeing some benefits being delivered for this summer, with per diem fares 11% higher than those for summer 2011 As a result of Minerva being out of service for the majority of the winter season, understandably winter losses will be higher than those for 2010/11, although we are investing for and should reap the benefits over the next 10 years

mv Discovery is operating in the Middle and Far East and Australia this Winter and, due to the challenging trading conditions, we expect revenues and occupancy to be lower than last year However per diem fares are 4% up on those achieved at the same point last year for summer 2011

Sales of Hebridean Princess are slower than last year, although per diems are being maintained, however the inaugural river cruise programme is already over 75% sold

mv Alexander Von Humboldt, soon to be renamed mv Voyager and to come under the Voyages of Discovery brand from next Winter, will have further upgrades made to it following a summer charter Overall, summer 2012 ocean cruising capacity has increased by some 15% and, at this point, sales are down 7% compared to this time last year, reflecting the growing trend towards later bookings

With regards to Discover Egypt, understandably due to the ongoing political situation, sales are down significantly on prior year albeit the brand remains profitable with very little risk on committed flying or ground costs

All Leisure group plc
Chairman's Statement (continued)

Outlook

In summary, and as already stated, we are currently encountering many challenges as a result of geo-political events, difficult market conditions, inflation and the situation in the Eurozone, together with the tragic events seen recently in Giglio, Italy Nevertheless, the fact that we have reported a reasonable performance against a backdrop of unprecedented natural disasters and geo-political events pays testament to the strength of our brands and the dedication of our loyal staff Whilst we remain cautious on the overall economic outlook, we have taken some prudent action to ensure that we are best placed to continue to provide the best service possible to our customers and value to shareholders alike

R J Allard
Chairman

All Leisure group plc
Chief Executive's Report

Operating Review

The followmg table provides current and historical key performance indicators ('KPI's) employed by the Group

	FY2011	FY2010
Revenues (£m)	80 4	82 6
Operating profit before gains/(losses) on certain derivative financial instruments	3 4	3 1
Profit/(loss) for the financial year (£m)	5 7	(2 1)
Earnings/(loss) per share – basic (p)	9 2	(3 4)
Dividends per share (p)	1 95	1 95
Total net assets (£m)	32 5	28 0
Cash (used)/provided by operating activities (£m)	(0 7)	13 1
Capital expenditure (£m)	9 3	21 9
Dividends paid (£m)	1 2	1 1
Total assets (£m)	61 3	66 5

Other operating data

The following table provides the current and historical figures for the principal operating KPIs employed by the Group

	FY2011	FY2010
Passenger nights (i)	324,787	303,235
Available lower berth nights ("ALBNs")	391,390	372,011
Occupancy (%)	83 0	81 5
Passengers carried - cruise (ii)	35,719	34,722
Passengers carried - tour operations	4,688	7,513
Fuel consumption (metric tonnes) (iii)	21,458	21,828
Fuel cost per metric tonne £ (iii)	437	346
Ships – owned	3	3
Ships – leased	1	1

Notes.

(i) Calculated as the total passengers carried multiplied by the total number of revenue sailing days Excludes Discover Egypt passengers and passengers carried on mv Alexander von Humboldt charters for 2010 and 2011

(ii) Excludes passengers carried on the mv Alexander von Humboldt charters for 2010 and 2011

(iii) Excludes mv Alexander von Humboldt and unrealised gains and losses on fuel hedges

All Leisure group plc
Chief Executive's Report (continued)

Operating Review (continued)

Cruise:

Voyages of Discovery

Voyages of Discovery offers niche year-round destination-led cruises on board the mv Discovery which appeal to mature customers and include a wide variety of itineraries worldwide For the financial year 2010/11 mv Discovery (20,216 gross tonnes, 356 cabins and offers a maximum of 708 lower berths) operated for 365 cruise nights, compared to 351 in the prior year, and increased the number of ALBNs by 1 9% due to not having to undergo a scheduled dry dock This resulted in cruise revenues (excluding onboard and other) increasing by 0 6% albeit the achieved fare per diem reduced by 1 27% as a result of increased capacity over the winter season (due to there being no dry dock) and market pressures on passenger fares

Sales are generated through a number of sources Cruises sold in the UK are generally sold directly to the public or on the Group's behalf by specific travel agents with an expertise in the cruise market The direct sales to the public are either to repeat customers of the Group or generated through passenger referrals, advertising and other promotions In the US and Canada cruises are sold via the Group's Fort Lauderdale sales office and across the rest of the English speaking world, via the Group's arrangements with general sales agents in the Netherlands, Australia, and New Zealand

From November 2012, the Voyages of Discovery brand's fleet will be augmented by the addition of the mv Alexander von Humboldt, to be renamed mv Voyager, with the inaugural cruise taking place in November 2012 mv Discovery will undergo an extended dry dock over the winter 2012/2013 period, returning to sail from March 2013

Swan Hellenic

Swan Hellenic also offers niche year-round destination-led cruises on the mv Minerva (gross tonnage of 12,449 tonnes and has 197 cabins offering a maximum of 394 lower berths), which has its unique 'country house' style Swan Hellenic also offers a limited summer programme of destination-led river cruises on Europe's major rivers onboard river cruisers chartered from A-ROSA

For the financial year 2010/11, cruise nights increased by 7 7% to 365 days and ALBNs also by 7 7% as a result of the vessel having no unscheduled dry docks as experienced in previous years This resulted in cruise revenue increasing by 7 1% over that for 2009/10, albeit the achieved fare per diem decreased by 11 3% as a result of significantly increased winter capacity and market pressures on fare increases

For Winter 11/12, we have taken the opportunity to take Swan Hellenic's leased vessel, mv Minerva, out of service to carry out a major refit and substantial upgrade in Germany This upgrade will include adding 32 balconies, enlarging some cabins, upgrading bathrooms, adding an observation lounge and a substantial technical upgrade As a result the vessel will be out of service for over 3 months, recommencing operations in March this year The majority of this work is being paid for by the vessel's owner and will cost in the region of €14 million

Hebridean Island Cruises

The Hebridean Princess is a five star vessel weighing 2,112 gross tonnes and has 30 cabins offering a maximum of 50 lower berths The ship operates principally from Oban between March and November and offers a range of cruises primarily around the Scottish Islands and Highland coastline, although it also sails to other countries in the British Isles and, in the summer of 2011, also sailed to France for the first time, docking at a number of ports in Normandy and Brittany For the financial year ended 31 October 2011, mv Hebridean Princess operated for a further two cruise nights than for financial year 2009/10, however ALBNs fell by 9 87% This reduction was due to not only the number of available lower berths increasing by 1 from 49 to 50 for the 2010/11 financial year but also the significant upgrade of certain cabins that meant that all now had en-suite facilities, thus removing lower cost entry level cabins Despite this reduction in ALBNs, both revenue and achieved fare per diem increased by 22 0% and 35 4% respectively Last but not least, subsequent to the year end, mv Hebridean Princess received a Royal Household Warrant, the first ship to receive such an honour

All Leisure group plc
Chief Executive's Report (continued)

Operating Review (continued)

mv Alexander Von Humboldt ("AvH")

Following the acquisition of the AvH in November 2009, the opportunity was taken to expand the schedule of works undertaken whilst in wet dock this winter to increase the number of balcony cabins on the vessel from 10 to 30 In addition we converted a number of other areas into cabins, resulting in the ship now having 278 cabins (30 balconies) compared with 260 previously (10 balconies)

Whilst this has resulted in the overall investment in the vessel increasing to €26m, the investment made has increased the open market value of the ship in excess of the costs of improvement and the AvH now has a third party valuation of €35m compared to the valuation of €25m as at 31 October 2010

This investment was met from the Group's existing cash resources and the vessel was subsequently chartered to a Turkish tour operator between April and November 2011 Regrettably, and as noted in the Chairman's statement and note 4 to the financial statements, this charter has turned sour resulting in provisions of £0 8m being incurred this financial year and the Group not achieving the expected level of revenue from this contract The vessel will be chartered to a third party operator for the Summer 2012 season, subject to successful ongoing negotiations, prior to joining the Voyages of Discovery brand as mv Voyager in November 2012

Operations

Consistent with the Board's policy, the delivery of services on board mv Discovery, mv Minerva and mv Alexander von Humboldt is mainly outsourced but is strategically, technically and commercially controlled by the senior management of the Company in the UK There are two main suppliers for services on board the vessels, V Ships and Sea Chefs V Ships Leisure employs the deck and engine crew responsible for the ships' maintenance, mechanical operations and health and safety Sea Chefs employs the hotel, catering and spa staff Harding Brothers Limited are responsible for the operation of the onboard shop Celtic Marine (Guernsey) Limited, on behalf of All Leisure Holidays Limited, employs 15 key staff on mv Discovery and up to 38 on mv Hebridean Princess including the captains and chief engineers Ship and crew management for mv Hebridean Princess is provided by Andrew Weir Shipping and Viking Recruitment respectively

Tour operating

Discover Egypt

In recent years Discover Egypt has seen a greater propensity for bespoke two centre holidays which have been sold at a higher margin than the traditional one week Nile cruise and as a result, it has managed to diversify away from traditional one week cruises However, and understandably in view of the situation in Egypt following the 'Arab Spring' uprising and ongoing resultant unrest, revenue is down considerably this financial year, a fall of 32 8% and passengers carried have fallen by 37 6% All Leisure Holidays is operating a limited programme this Winter and is pleased that for our committed aviation capacity to Luxor, sales to the end of 30 April 2012 are over 90%

As in the past, we have no financial commitment on the ground and have not contracted any aviation capacity for Summer 2012

Bearing in mind all the upheavals in Egypt, we are satisfied with current trading

R D Bryant
Chief Executive

All Leisure group plc
Finance Director's Report

Results:

I am able to announce that the Group has been able to deliver a profit for the financial year of £5 7m compared to a loss of £2 1m for the year ended 31 October 2010 despite the challenges facing the travel industry as a whole However, and as noted in the Chairman's Statement, this result has been achieved with the benefit, and impact, of several significant 'one off' items, as described in notes 7 and 8, accordingly, the table below will reconcile the reported result for the current and prior year to the underlying trading performance

	2011 £'000	2010 £'000
Operating profit/(loss)	5,323	(2,398)
Adjustment for mark-to-market valuation of certain derivative financial instruments	(1,942)	5,490
Operating profit before adjustment for mark-to-market valuation of certain derivatives financial instruments	3,381	3,092
Adjustments for		
Income arising from insurance claims	(1,601)	-
Damages awarded	(1,864)	-
Provision arising from contractual arrangement	750	-
Volcanic ash cloud impact costs incurred	-	583
Hebridean Princess onerous lease provision release	-	(135)
Adjusted profit for the year	666	3,540

The reduction in adjusted profit for the year of £2 9m, or 81%, can be largely attributed to the following 1) the increasing cost of fuel (as demonstrated by the KPIs listed in the Operating Review), 2) the charter of the AvH not being as profitable as that for 2010 and 3) the pressure on achievable fare prices in view of market conditions and consumer confidence Revised market expectations for the Group of an EBIT of £2 5m took into account the receipt of the insurance monies but excluded the damages awarded and the provision arising from costs incurred during the charter of mv Alexander von Humboldt due to the operator seeking protection from its creditors of £0 8m, therefore, once these are taken into consideration, the Group's result is broadly in line with market expectations, with the shortfall being due to the increase in the provision by £0 2m compared to the £0 6m announced in the trading update of the 29 November 2011 The Group endeavours to manage its cost base through the use of derivative financial instruments for foreign currencies (US dollars and Euros) and fuel however in view of the uncertain market conditions, all costs and arrangements are under review to ensure that the best deal possible is achieved from key suppliers To assist in these aims, the Group is looking to consolidate further, where possible, Group functions and is also investing in a new procurement system which will be rolled out imminently To sustain customer revenues, the Group is investing in all its cruising brands, as outlined previously, as well as developing new routes to market, particularly via GDS and on-line to broaden the customer's options and make it easier to book one of the Group's product offerings, whether this be a cruise or a supplementary excursion

Currency and fuel management

In order to maintain an active currency management strategy the Group employs a variety of derivative financial instruments of varying complexity These help the Group to achieve its budgeted exchange rates which are often higher than market rates, albeit with risks that often differ from those of a vanilla forward contract The majority of the Group's currency requirements for FY2011 were covered by derivative contracts and in addition the Group has similar arrangements in place to cover the majority of its requirements for the year ahead (see note 31) Given that most of the derivatives used by the Group do not qualify for hedge accounting, the Group has chosen to value all of its derivatives at fair value through the profit or loss

All Leisure group plc
Finance Director's Report (continued)

Currency and fuel management (continued)

As at the balance sheet date of 31 October 2011, the net mark-to-market valuation of these derivative positions was a liability of £1 0m, compared with £3 0m as at 31 October 2010 Such figures are significant, particularly within the context of the Group's current level of profitability, however it is important to put these accounting definitions into a commercial context

Firstly the value of our foreign exchange and fuel hedges (which are non-cash accounting items) vary significantly over time Secondly, in order to deliver currency to the Group at rates at or above the budgeted rate used to price our product, the Group generally holds derivatives to maturity irrespective of fluctuations in their mark to market valuation Thirdly, as predominantly over-the-counter instruments, the Group has extensive experience of further managing its currency purchases by revising contract terms as market conditions change For these reasons the Board is confident that the current hedging strategy is correct despite any costs that may from time to time be reflected in the Group income statement, and any potential obligation to buy foreign currency in quantities that might exceed the Group's short term requirements Further details are provided in note 31 concerning risks associated with these derivatives

Capital expenditure

The Group has again invested heavily in its fleet this year, firstly in the further significant upgrade of mv Alexander von Humboldt, and secondly in the annual routine dry dock for mv Hebridean Princess In respect of mv Alexander von Humboldt, and as noted in the Operating Review above, the opportunity was taken to increase the number of balcony cabins on the vessel from 10 to 30 In addition, a number of other areas were converted into cabins, resulting in the ship now having 278 cabins (30 balconies) compared with 260 previously (10 balconies)

In respect of the mv Hebridean Princess, and as noted in the Operating Review, the Group upgraded two cabins and increased the available number of lower berths to 50, improvements which helped deliver a significant increase in the per diem fare achieved on this vessel The Group has also taken the opportunity to invest in IT (reflected by additions to intangible asset and plant, property and equipment totalling £0 5m) as part of its strategy to reduce ongoing operating costs through better efficiencies and also improve its platform to deliver its product to the market

In total, capital expenditure for the year ended 31 October 2011 totalled £9 3m, demonstrating management's commitment to investing in the Group's products and infrastructure despite the challenging and uncertain economic environment

Looking forward, the mv Hebridean Princess is undergoing her annual dry dock this winter, which will cost an estimated £0 8m, and of course there is the major upgrade of mv Minerva, which we are partially funding through an increased deposit as detailed in the Chairman's Statement As the Minerva is a leased vessel, the vast majority of the expenditure is being paid for by the owner although the Group is still responsible for meeting the costs of the dry dock work required to meet class, for which a provision of £1 5m (2010 £1 5m) has been included in the balance sheet

Cash flows

Primarily due to a combination of the cessation of Swan Hellenic's operations for Winter 2011/12 to allow for the upgrades to mv Minerva to take place and challenging winter trading for the Group's only operating brands (Voyages of Discovery and Discover Egypt), net cash flows from operating activities have decreased by £13 8m compared to 2010 resulting in a net cash outflow of £0 7m for the year ended 31 October 2011

Total cash and balances at bank at the year-end amounted to £7 2m (2010 £18 1m), of which £6 7m (2010 £9 5m) is classified as cash and cash equivalents, £0 5m (2010 £3 0m) classified as restricted cash, and £nil (2010 £5 6m) as interest bearing bank deposits The Group has immediate access to all of these balances, other than the amounts reported as restricted cash Customer deposits at 31 October 2011 amounted to £13 4m (2010 £19 1m)

Of significance to cash flow during the year were capital expenditure, which included the additions described above of £9 3m, release of the restricted guarantee for mv Minerva of £2 6m, outflows from working capital movements of £9 6m and a dividend payment of £1 2m

All Leisure group plc
Finance Director's Report (continued)

Going concern

The Group ended the year with net assets of £32 5m (2010 £28 0m), net current liabilities of £13 4m (2010 £14 4m) and total cash of £7 2m (2010 £18 1m) In addition, and as per the prior year balance sheet, the Group has no borrowings and excess facilities available to it

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above and in the statements of the Chairman and Chief Executive, detailing the challenging trading environment the Group faces at present The financial position of the Group, including its liquidity position, financial risk management and use of derivatives is set out in note 31 The capital risk management policy of the Group is set out in note 25

In view of the trading environment, coupled with the reduction in liquid resources available to the Group, the Directors have prepared a forecast for the business for 24 months from the balance sheet date to 31 October 2013 taking into account key assumptions about future trading performance and their plans for the Group This forecast also includes variances to take into account events that may not materialise in line with expectations The results show that the Group will continue to have sufficient cash resources over this period

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the annual financial statements

N J Morris
Group Finance Director

All Leisure group plc
Directors and Officers

Roger Allard (57) Chairman

Roger has been involved in the travel industry for over 40 years He was a board director of ABTA until 2007 and is a director of several other non-competing travel companies and also sits on the Air Travel Insolvency and Protection Advisory Committee (ATIPAC) which advises the Civil Aviation Authority, representing ABTA Roger was instrumental in creating Owners Abroad (now TUI Travel PLC) and in listing it on the London Stock Exchange in 1982 After 20 years, Roger left First Choice in 1993 as Group Managing Director and was involved in the aviation industry until 1996 Roger acquired the Voyages of Discovery brand in 1997

Rob Bryant (56) Chief Executive

Rob assumed the role of Chief Executive in October 2007 having previously been Chief Operating Officer He worked for Horizon and was managing director of Owners Abroad Aviation until 1993 Thereafter Rob worked in senior positions within the travel industry until he joined the Group in 2002 as a director, having previously been a consultant to the Company

Neil Morris (36) Group Finance Director

Neil joined the Group in January 2011 from Deloitte LLP where he worked in the Travel, Hospitality and Leisure group Neil worked with Deloitte for over 11 years and qualified as a chartered certified accountant in 2001

Nigel Jenkins (59) Non-Executive Director
Chairman, Remuneration Committee

Nigel has been involved in the travel industry for over 35 years A founding Director of Unijet in 1981 he joined First Choice Holidays PLC in 1998 He led the restructuring and turnaround of their Canadian division before returning to the UK in 2004 to become Managing Director of their Activity Holiday Sector and a member of their Group Management Board He retired from First Choice in October 2006 He is currently chairman of Travelzest plc

Philip Ovenden (69) Non-Executive Director
Chairman, Audit Committee

Philip, a chartered accountant, was the Group's Chief Executive until October 2007 when he moved into a non-executive role Philip has been involved in the travel industry for more than 30 years He worked at the International Leisure Group for seven years between 1984 and 1991 and was Chief Executive of Leisure International Airlines from 1994 until it was purchased by First Choice Holidays in 1998 He joined All Leisure as Group Chief Executive in 2000 He currently sits on the Remuneration committee and is chairman of the Audit Committee

All Leisure group plc
Corporate Governance Statement

The Directors recognise the importance of sound corporate governance, whilst taking into account the size and nature of the Group

The Board

The Board is responsible to the shareholders for the proper management of the Group The Board is responsible for setting the Group's strategic direction, the establishment of Group policies and internal controls and the monitoring of operational performance It meets regularly throughout the year and, in addition to the routine reporting of financial and operational issues, reviews certain key functions such as fuel and currency hedging between meetings The Board has a schedule of matters specifically reserved to it for decision The Board meeting agenda normally comprises inter alia strategy, an operational review and a financial review Specific meetings cover the approval of the interim and preliminary financial results and the approval of the annual budget Information is normally provided to all Board members in the week prior to a Board meeting to enable the Directors to consider the issues for discussion and to request clarification or additional information The Board regularly reviews the type and amount of information provided The Board plans to meet at least 6 times a year and in FY10/11 met a total of 12 times All Directors have access to the advice of the Company Secretary Peter Buckley, who is responsible to the Board for ensuring that procedures are followed A statement of Directors' responsibilities in respect of the financial statements is set out in this Annual Report below

At 31 October 2011, the Board comprised three executive directors and two non-executive directors, one of whom is considered independent The Board consisted of the Executive Chairman, two further Executive Directors and two Non-Executive Directors which, in the opinion of the Board, is an appropriate composition for the Group at this stage of its development The positions of Chairman and Group Chief Executive are not combined, ensuring a clear division of responsibility at the head of the Group The Board offers a range of experience and expertise sufficient to bring independent judgement on issues of strategy, performance, safety, resources and standards of conduct which is vital to the success of the Group At the Annual General Meeting held on 22 March 2011, Roger Allard and Nigel Jenkins put themselves forward for re-election to office and were duly reappointed

Both Non-Executive Directors hold shares in the Group, as disclosed in the Directors' Report However because the number of shares held is relatively small and there are no cross directorships between executive and non-executive directors, these shareholdings are not believed to impact on the Non-Executive Directors' independence Nigel Jenkins is considered to be independent as defined by the UK Corporate Governance Code Philip Ovenden, used to hold executive employment arrangements with the Group Although these ceased in October 2007, the UK Corporate Governance Code requires a minimum period of five years to elapse before potentially being considered independent

The Executive Chairman of the Board is Roger Allard who is responsible for the preparation and execution of the Group's strategic plan Rob Bryant is the Chief Executive Officer and is responsible for co-ordination of the Group's business activities Neil Morris as Group Finance Director is responsible for the production of both management and statutory accounts Following the departure of Ross Jobber as Chief Operating Officer, Neil Morris has also assumed Ross' responsibilities for Group HR and IT as well as supporting the Chairman and Chief Executive in corporate development

At the forthcoming Annual General Meeting, Rob Bryant and Philip Ovenden are offering themselves for re-election Subject to re-election at the first AGM after which they are appointed, all Non-Executive Directors are appointed initially for a three year term and, after review, may be proposed for a further three year term The Group will take into account the balance of skills and experience on the Board, and their contribution and level of independence when considering whether to extend their appointment beyond the initial term

All Leisure group plc
Corporate Governance Statement (continued)

Board diversity

Collectively, the directors have a diverse range of skills and experience When looking for board candidates, endeavours to ensure that searches are conducted, and appointments made, on merit and with due regard for the benefits of diversity on the Board, including gender

Nominated advisor

The Group's nominated advisor (NOMAD) is Panmure Gordon (UK) Limited The Board takes significant measures to ensure that all Board members are kept aware of both the views of major shareholders and changes in the major shareholdings of the Group This is achieved by giving all Directors access to the Group's NOMAD

Board Committees

In accordance with corporate governance best practice, the Board has established Audit and Remuneration committees, comprising two non-executive directors for both the audit and remuneration committees

The committees have duties and responsibilities formally delegated to them by the Board The committees have the following memberships

Remuneration Committee (2011/12):	Nigel Jenkins (Chair), Philip Ovenden
Remuneration Committee (2010/11):	Nigel Jenkins (Chair), Philip Ovenden
Audit Committee (2011/12):	Philip Ovenden (Chair), Nigel Jenkins
Audit Committee (2010/11):	Philip Ovenden (Chair), Nigel Jenkins

Meeting attendance

The Board met 12 times last year and the attendance of the Directors at the Board and committee meetings, where appropriate, was as follows

	Annual General Meeting	**Scheduled Board Meeting**	**Audit Committee**	**Remuneration Committee**
Roger Allard	1 (1)	12 (12)	#	+
Rob Bryant	0 (1)	12 (12)	#	+
Neil Morris	1 (1)	10 (10)	#	N/A
Nigel Jenkins	0 (1)	11 (12)	2 (2)	2 (2)
Philip Ovenden	1 (1)	11 (12)	2 (2)	2 (2)

Attendance includes conference calls Figures in brackets indicate the maximum number of meetings in the period in which the individual was a member of the Board or the relevant Committee, and was required to attend the meeting

All executive directors attended the Audit Committee meetings at the request of the Chairman of the Audit Committee

\+ Roger Allard and Rob Bryant attended the Remuneration Committee meetings at the request of the Chairman of the Remuneration Committee

All Leisure group plc
Corporate Governance Statement (continued)

Audit Committee

The Audit Committee was chaired throughout the year (and currently) by Philip Ovenden It comprises both an independent and a non-independent non-executive director The Chairman, Chief Executive and Finance Director are invited to attend meetings, as appropriate The Audit Committee reviews the half-year and annual financial statements, matters related to internal controls and holds the relationship with the external audit function In addition, the Audit Committee ensures that an objective and professional relationship is maintained with the external auditors, with particular regard to the nature and extent of any non-audit services they provide During the year ended 31 October 2011, the Group's external auditors, Deloitte LLP ("Deloitte"), provided non-audit services to the Group The fees paid to Deloitte for non-audit services were £21,000 (2010 £52,000) excluding VAT The use of Deloitte for non-audit work was carefully evaluated by the Audit Committee, which was satisfied that the necessary independence was achieved The Audit Committee views the independence and objectivity of the Group's auditors as essential and ensures that Deloitte are not instructed on any issue which would prejudice this The Audit Committee obtains written confirmation on at least an annual basis of the independence of the external auditors The Audit Committee also reviews the possible risks facing the Group, the risk management function and internal controls In particular it is constantly updated on decisions made by executive directors regarding currency and fuel hedging

The Group places the utmost importance on the timely dissemination of operational and financial reports The Group Financial Controller reports to the Group Finance Director and is responsible for the preparation of the Group's management accounts

In the year ended 31 October 2011 the Audit Committee met with the Group auditors, Deloitte, without the Chairman or Chief Executive present The chairman of the Audit Committee also met with the Group auditors in the presence of the Chairman and Chief Executive on several occasions

Remuneration Committee

The Remuneration Committee has the primary responsibility to review the performance of the Company's executive directors and Company Secretary and to set their remuneration and other terms of employment The Remuneration Committee is chaired by Nigel Jenkins and consists of both Non-Executive Directors

Nominations Committee

Given the size of the Company the Board deems it appropriate that all members are closely involved in nominating new Board members and therefore no Nominations Committee exists at this time The Board will review this arrangement annually

Going concern

After making enquiries, the Directors have formed a judgement at the time of approving these financial statements that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason, the Directors have adopted the going concern basis in preparing these financial statements Further details are provided in the Finance Director's Report

Relations with shareholders

Results are released on a semi-annual basis as required under the AIM Rules Existing and potential institutional investors are offered one-on-one meetings with Executive Directors immediately thereafter The primary responsibility for this process lies with the Executive Chairman, supported by the Group Finance Director All shareholders have the opportunity to put questions to the Board at the Annual General Meeting and at other times by emailing or writing to the Company or to its NOMAD Panmure Gordon (UK) Limited Citigate Dewe Rogerson advises the Group on the optimal dissemination of relevant information to shareholders and to the market in general In addition, the Group maintains a website pursuant to Rule 26 of the AIM Rules for Companies containing constitutional documents, press releases and Company contact information

All Leisure group plc
Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 October 2011

Principal activities

The principal activities of the Group comprise the Cruising division, which comprises Voyages of Discovery, Swan Hellenic and Hebridean Island Cruises brands, and the Tour Operating division consisting of Discover Egypt Further details regarding the market position of these brands is provided in the Operating Review The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note d to the Company financial statements

Business review

A review of the business and its future development is given in the Chairman's Statement, Chief Executive's Report and Finance Director's Report This information has been prepared solely to assist the shareholders to assess the Board's strategies and their potential to succeed It should not be relied on by any other party, for any other purposes Forward-looking statements have been made by the Directors in good faith using information available up to the date of this report Forward-looking statements should be regarded with caution because of the inherent uncertainties in economic trends and business risks

Principal risks and uncertainties

The Directors continually identify, evaluate and manage material risks and uncertainties faced by the Group which could adversely affect the Group's business, operating results and financial position The list below details what the Directors consider to be the principal risks and uncertainties and the actions taken, or to be taken, to mitigate potential adverse consequences This list is not intended to be exhaustive and other risks may emerge over time

Area	Description of risk	Examples of mitigating activities
Economic	• The Group is competing for a share of disposable income of its target customers, making revenue vulnerable to the impact of an economic downturn	• The Group invests in brand awareness and pays significant attention to customer feedback in order to maximise brand loyalty
	• Volatility in markets such as currency and fuel can undermine budgets	• The Group continues to maintain its currency and fuel hedging policies as part of its financial planning
Geopolitics	• The Group is at risk of geo-political events or natural disasters affecting our business	• The Group maintains a flexible business model, plans its itineraries with care and offers a broad geographic spread of destinations within its products In the event of a major event, the Group endeavours to respond quickly to the issue and minimise the Group's ongoing exposure
Competition	• The Group operates in a highly competitive market resulting in the threat of our competitors launching new products or adding products before we make corresponding updates and developments to our own range This could render our products out-of-date and could result in rapid loss of market share	• We undertake market research to ensure that our own products continue to meet the needs of our customers and we plan new product development with care to ensure that we have products that remain focused on our niche market

Business review (continued)

Principal risks and uncertainties (continued)

Area	Description of risk	Examples of mitigating activities
Regulation	• Changes to legislation (principally regarding the operation of cruise shipping) could result in the Group's vessels (mv Discovery, mv Minerva, mv Hebridean Princess and mv Alexander von Humboldt) becoming uneconomic or inoperable mv Discovery, mv Hebridean Princess and mv Alexander von Humboldt are owned by the Group and this could further impact the carrying value of these significant assets	• The Group closely monitors regulatory developments across the travel industry through its active membership of industry bodies and the Directors' significant contacts and experience in the travel industry • The Group manages cash levels carefully in order to meet any unexpected operational expenditure that may arise • The Group continually reviews the operating assets to plan any replacements and the timing of replacement • The Group adheres to all safety regulations imposed upon it and liaises closely with its regulators and industry groups to ensure it is abreast of all matters
Operational	• The Group's ships carry a risk of operational failure and/or causing environmental damage thus impacting revenues and/or costs	• All ships operated by the Group are maintained according to the required maritime standards, including two dry dock inspections every five years
	• The Group outsources a significant element of its operations (namely hotel services and deck and engine maintenance) to third parties Any damage to these relationships could have a detrimental impact on our business	• The Executive Directors meet regularly with the Group's key suppliers in order to maintain good working relationships
	• The Group is dependent on information technology systems, the failure of which would impact its ability to process sales	• Investment in technology ensures that system reliability is optimised and procedures are in place to minimise the time that any selling system is inoperable
Financial	• A significant proportion of the Group's cost base remains constant notwithstanding changes to the level of revenues	• Key performance indicators are closely monitored to ensure that yields are optimised
	• The Group has significant dollar denominated operating costs that are matched with significant sterling denominated revenues	• The Group holds significant multicurrency cash balances on deposit and uses a variety of currency derivatives to manage actively the Group's foreign exchange exposure
	• The Group has significant cash balances and is therefore exposed to interest rate risk	• The Group holds significant cash balances on fixed rate deposits

All Leisure group plc
Directors' Report (continued)

Business review (continued)

Financial risk management policies

Information about the use of financial instruments by the Group is given in notes 3, 4, 22 and note 31 to the consolidated financial statements

Post balance sheet events

Details of significant events since the balance sheet date are contained in note 32 to the consolidated financial statements

Results and dividends

The profit after taxation for the year ended 31 October 2011 amounted to £5 7m (2010 loss of £2 1m) The Directors propose a final dividend of 1 31p (2010 1 31p) per share subject to approval at the Annual General Meeting on 11 April 2012 Together with the interim dividend of 0 64p per share (2010 0 64p) paid on 11 November 2011, this makes a total of 1 95p per share for the year (2010 1 95p)

The current period dividends, in accordance with IAS 10 'Events after the balance sheet date' for the Group, and, FRS 21 'Events after the balance sheet date' for the Company, have not been provided for in the attached financial statements

During the year, the Company paid the final dividend for the year ended 31 October 2010 of 1 31p per share

Capital structure

Details of the authorised and issued share capital are shown in note 25 The issued share capital currently stands at 61,744,777 ordinary shares

The Company has one class of ordinary shares which carry no right to fixed income Each share carries the right to one vote at general meetings of the Company

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights

On 24 January 2012, the Company has been notified of the following shareholdings in excess of 3% of the ordinary 1p shares of the Company at that date

Name of holder	Percentage of voting rights and issued share capital	No. of Ordinary shares	Nature of holding
R Allard	60 13%	37,124,236	Investment
The Right Honourable Lord Sterling of Plaistow	6 08%	3,755,647	Investment
P Buckley	5 09%	3,144,986	Investment
P Ovenden	5 09%	3,144,986	Investment
HSBC Global Custody Nominees (UK) Limited	4 12%	2,541,503	Investment
R Bryant	3 73%	2,304,593	Investment
Harewood Nominees Limited	3 59%	2,216,700	Investment
D Smith	3 05%	1,881,012	Investment

Shareholders' authority for the purchase by the Company of 10% of its own shares existed as at 31 October 2011 It is currently the intention of the Directors to seek to renew the authority to buy back shares at the next Annual General Meeting

All Leisure group plc
Directors' Report (continued)

Capital Structure (continued)

Due to the significant shareholding in the Company held by the Chairman, Mr Roger Allard, a Relationship Agreement was signed on 24 September 2007 Under the terms of this agreement Roger Allard undertakes to the Company that for so long as he, and connected persons, own 30 per cent or more of the shares in the Company entitled to vote at general meetings that (i) he will not exercise his voting rights to vote in favour of the appointment of a director who has not been approved by the Board (ii) Roger Allard grants the Company rights to control his ability to build a stake in another cruise business for so long as he, and connected persons, own 25 per cent or more of the shares in the Company entitled to vote at general meetings, and (iii) Roger Allard undertakes to the Company that for so long as he, and connected persons, own 30 per cent or more of the shares in the Company entitled to vote at general meetings that he will vote his shares to ensure that the Company shall operate and make decisions for the benefit of the Company as a whole This agreement terminates if Roger Allard, and connected persons, own less than 25 per cent of the shares in the Company entitled to vote at general meetings

No person has any special rights of control over the Company's share capital other than through a majority shareholding as disclosed above and all issued shares are fully paid

During the year ended 31 October 2009, the Group introduced a director share option scheme The scheme applies to the executive directors of the main Board As at 31 October 2011 outstanding options issued in connection with this scheme equated to 407,691 ordinary 1p shares although these will expire on 31 January 2012

Certain options as at 31 October 2011 over 1,074,615 ordinary 1p shares (as at the date of this report 1,074,615 ordinary 1p shares) are outstanding in favour of Corporate Synergy Holdings Limited (the current owner of the Company's former NOMAD), arising from the Initial Public Offering of the Company's shares in October 2007 The principal features of these options are disclosed in note 29 to the consolidated financial statements

Were all options to be exercised, then the issued share capital would increase to 63,227,083 as at 31 October 2011 (61,744,777 at the date of this report) Corporate Synergy Holdings Limited would control 1 7% of the shares and associated voting rights There are no other potentially dilutive equity instruments in the Company in issue at 31 October 2011

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation and requires certain directors annually to retire by rotation The Articles themselves may be amended by special resolution of the shareholders

Directors

The Directors, who served throughout the year and to the date of this report, were as follows

R J Allard	Executive Chairman	
R D Bryant	Chief Executive	
R A Jobber	Chief Operating Officer	(resigned 8 April 2011)
G S Marchant	Finance Director	(resigned 31 January 2011)
N J Morris	Finance Director	(appointed 24 January 2011)
N J Jenkins	Non-executive Director, Chairman of Remuneration Committee	
P S Ovenden	Non-executive Director, Chairman of Audit Committee	

Philip Ovenden and Rob Bryant retire by rotation at the next annual general meeting and, being eligible, offer themselves for re-election

Directors' interests

The Directors who held office at 31 October 2011 had the following interests in the 1p ordinary shares of the Company

Name of director	31 October 2011 No.	31 October 2011 %	31 October 2010 No.	31 October 2010 %
R J Allard	37,124,236	60 13	37,124,236	60 13
R D Bryant	2,304,593	3 73	2,304,593	3 73
N J Morris	-	-	-	-
N J Jenkins	34,130	0 06	34,130	0 06
P S Ovenden	3,144,986	5 09	3,144,986	5 09

Between 31 October 2011 and the date of this report the interests of the Directors remain unchanged Accordingly the current Directors' shareholdings as at the date of this report are as above

Directors' indemnities

During the year the Company has made qualifying third party indemnity provisions for the benefit of its Directors and these remain in force at the date of this report

Supplier payment policy

The Group'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 of the Group at 31 October 2011 were equivalent to 40 (2010 50) days' purchases, based on the average daily amount invoiced by suppliers during the year

Fixed assets

In the opinion of the Directors the current open market value of the Group's interests in land and buildings is not materially different to the book value Lynnem House and Discovery Mews were revalued in 2009 Following a detailed review by the directors at 31 October 2011 they are satisfied that the revaluation last year is still materially correct for the position at 31 October 2011 See note 18 for further details

Charitable and political contributions

During the year the Group made charitable donations of £442 (2010 - £29,461) No political donations were made during the year (2010 - £nil)

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 Group continues and that appropriate training is arranged It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

Employee consultation

The Group 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 Group This is achieved through formal and informal meetings and the publication of an internal newsletter Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests

The Company does not currently have a share option scheme in place for the benefit of employees This is reviewed regularly by the Board, and an option plan may be implemented in the future if this is considered to be in the best interests of the Group In addition, all employees receive an annual bonus related to the overall profitability of the Group

Independent auditor

Deloitte LLP have expressed their willingness to continue in office as independent auditor of the Company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

By order of the Board,

R J Allard
Director

25 January 2012

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The Group financial statements are also required by law to be properly prepared in accordance with Companies Act 2006 and the AIM Rules for Companies Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period

In preparing the parent company financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent Auditor's Report on the Group Financial Statements to the Members of All Leisure group plc

We have audited the Group financial statements of All Leisure group plc for the year ended 31 October 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, and the related notes 1 to 34 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the Group financial statements

- give a true and fair view of the state of the Group's affairs as at 31 October 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Group financial statements

Independent Auditor's Report on the Group Financial Statements to the Members of All Leisure group plc (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matter

We have reported separately on the parent company financial statements of All Leisure group plc for the year ended 31 October 2011

Graham C Pickett FCA
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

25 January 2012

Note The maintenance and integrity of All Leisure group plc's website is the responsibility of the Directors The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ in other jurisdictions

All Leisure group plc

Consolidated Income Statement
For the year ended 31 October 2011

	Note	2011 £'000 Total	2010 £'000 Total
Revenue			
Cruise			
Passenger tickets		66,693	67,446
Onboard and other		8,217	7,044
Tour and other		5,451	8,116
Total revenue	5, 6	80,361	82,606
Costs, expenses and other income			
Operating			
Cruise			
Commissions, transportation and other		(16,799)	(14,587)
Onboard and other		(7,442)	(8 674)
Payroll, contractors and related costs	10	(10,740)	(11,421)
Fuel		(8,502)	(8,024)
Other ship operating		(14,211)	(12,320)
Tour and other		(3,996)	(5,857)
Total		(61,690)	(60,883)
Selling and administrative		(14,061)	(15,199)
Depreciation and amortisation	8, 16 - 18	(4,710)	(3,447)
Other income	7	3,465	-
Rental income	5	16	15
Total costs, expenses and other income		(76,980)	(79 514)
Operating profit before gains/(losses) on certain derivative contracts		3,381	3,092
Gains/(losses) on certain derivative contracts	6	1,942	(5,490)
Operating profit/(loss)	6, 8	5,323	(2,398)
Investment revenue	5, 11	341	445
Finance costs	12	-	(89)
Profit/(loss) before tax		5,664	(2,042)
Tax credit/(charge)	13	19	(32)
Profit/(loss) for the financial year	6	5,683	(2,074)
Profit/(loss) per share (pence)			
Basic	15	9 2p	(3 4p)
Diluted	15	9 2p	(3 4p)

There were no discontinued operations during the year

All results are attributable to equity holders of the parent Company

The presentation of the prior year income statement has changed from that presented in the financial statements for the year ended 31 October 2010, please refer to note 3 for further details

Consolidated Statement of Comprehensive Income
For the year ended 31 October 2011

	2011 £'000 Total	2010 £'000 Total
Profit/(loss) for the financial year	5,683	(2,074)
Exchange differences on translation of subsidiary entities	7	(8)
Total comprehensive income/(loss) for the financial year	5,690	(2,082)

Consolidated Statement of Changes in Equity
At 31 October 2011

	Note	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total £'000
At 1 November 2009		617	13,346	47	224	17,001	31,235
Loss for the financial year		-	-	-	-	(2,074)	(2,074)
Exchange loss on translation of subsidiary entities		-	-	-	(219)	211	(8)
Total comprehensive loss for the financial year		-	-	-	(219)	(1,863)	(2,082)
Dividends paid	14	-	-	-	-	(1,123)	(1,123)
At 31 October 2010		617	13,346	47	5	14,015	28,030
At 1 November 2010		617	13,346	47	5	14,015	28,030
Profit for the financial year		-	-	-	-	5,683	5,683
Exchange differences on translation of subsidiary entities		-	-	-	7	-	7
Total comprehensive income for the financial year		-	-	-	7	5,683	5,690
Dividends paid	14	-	-	-	-	(1,204)	(1,204)
At 31 October 2011		617	13,346	47	12	18,494	32,516

Revaluation reserve: the property revaluation reserve represents the revaluation of Lynnem House, 1 Victoria Way, Burgess Hill, West Sussex, and Discovery Mews, Copthorne, Surrey which were revalued at open market value with vacant possession as at 31 October 2009 in the sum of £700,000 by an external valuer, Stiles Harold Williams and £400,000 by an external valuer, Hamptons International, respectively

Following a review by the directors at 31 October 2011 of both property values based on current market conditions it has been concluded that no material change has occurred in the carrying values of either property

Currency translation reserve: At 31 October 2011 one of the Group's subsidiary companies has a US$ functional currency and the translation reserve represents the exchange gains and losses arising on the retranslation of the net assets of this subsidiary entity

The US$219,000 movement in 2010's currency translation reserve related to the change of the functional currency of Discovery Cruises Limited on 1 November 2010 from US dollars to sterling

Consolidated Balance Sheet
At 31 October 2011

	Note	2011 £'000	2010 £'000
Non-current assets			
Intangible assets	16	5,268	5,682
Property, ships, plant and equipment	17	40,447	35,410
Investment property	18	262	264
Restricted bank balances	21	-	2,564
		45,977	43,920
Current assets			
Inventories	20	1,545	1,858
Trade and other receivables	21	6,368	4,608
Derivative financial instruments	22	257	555
Interest bearing bank deposits	21	-	5,573
Restricted bank balances	21	464	469
Cash and cash equivalents	21	6,735	9,510
Total current bank balances and cash in hand		7,199	15,552
		15,369	22,573
Total assets		61,346	66,493
Current liabilities			
Trade and other payables	23	(25,253)	(33,357)
Current tax liabilities		(7)	(37)
Provisions	24	(2,217)	-
Derivative financial instruments	22	(1,299)	(3,539)
		(28,776)	(36,933)
Non-current liabilities			
Deferred tax liabilities		(54)	(54)
Long-term provisions	24	-	(1,476)
		(54)	(1,530)
Total liabilities		(28,830)	(38,463)
Net assets		32,516	28,030
Equity			
Share capital	25	617	617
Share premium account		13,346	13,346
Revaluation reserve		47	47
Currency translation reserve		12	5
Retained earnings		18,494	14,015
Total equity		32,516	28,030

The financial statements of All Leisure group plc, registered number 01609517, were approved by the Board of directors and authorised for issue on 25 January 2012

They were signed on its behalf by

NJ Morris

N J Morris
Director

Consolidated Cash Flow Statement
For the year ended 31 October 2011

	Note	2011 £'000	2010 £'000
Net cash (outflow)/inflow from operating activities	26	(662)	13,142
Investing activities			
Interest received		341	445
Rental income		16	15
Purchases of property, plant and equipment		(9,331)	(21,874)
Movement in short-term interest bearing cash deposits		5,573	7,159
Movement in long-term restricted cash held on deposit		2,569	-
Net cash used in investing activities		(832)	(14,255)
Financing activities			
Dividends paid	14	(1,204)	(1,123)
Repayment of loans		-	(3,578)
Management of liquid resources – bank deposits		-	(16)
Net cash used in financing activities		(1,204)	(4,717)
Net decrease in cash and cash equivalents		(2,698)	(5,830)
Cash and cash equivalents at the start of the year		9,510	15,516
Effect of foreign exchange rate changes		(77)	(176)
Cash and cash equivalents at the end of the year	21	6,735	9,510

Notes to the Consolidated Financial Statements
For the year ended 31 October 2011

1. General information

All Leisure group plc is a company incorporated in the United Kingdom under the Companies Act 2006 The address of the registered office is given on page 1 The nature of the Group's operations and its principal activities are cruise ship operation and tour operating as set out in notes 5 and 6 and in the Chairman's Statement, Chief Executive's Report, the Finance Director's Report and the Directors' Report

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates Foreign operations are included in accordance with the policies set out in note 3

2 Adoption of new and revised Standards

Standards adopted during the current year

In the current year, the following new and revised Standards and Interpretations have been adopted and none have had an impact on the current year financial statements

The following new and revised standards and interpretations have been adopted in the current year Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements

IFRIC 14		Prepayments of a Minimum Funding Requirement
IFRIC 19		Extinguishing Financial Liabilities with Equity Instruments
IFRS 1	Amended 2010	Limited Exemption from Comparative IFRS 7 Disclosure for First-time adopters
IFRS 2	Amended 2009	Share-based Payment – Amendments relating to group cash-settled share-based payment transactions
IFRS 3	Amended 2010	Business Combinations
IFRS 7	Amended 2010	Financial Instruments Disclosures
IAS 32	Amended 2009	Financial Instruments Presentation – Amendments relating to classification of rights issues

Standards issued but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

IFRS 1	Amended 2010	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
IFRS 7	Amended 2010 and 2011	Amendments enhancing disclosures about transfers and offsetting of financial assets
IFRS 9	Amended 2010	Financial Instruments
IFRS 10	Issued 2011	Consolidated Financial Statements
IFRS 11	Issued 2011	Joint Arrangements

Notes to the Consolidated Financial Statements
For the year ended 31 October 2011

2. **Adoption of new and revised Standards (continued)**

Standards issued but not yet effective (continued)

IFRS 12	Issued 2011	Disclosure of Interests in Other Entities
IFRS 13	Issued 2011	Fair Value Measurement
IAS 1	Amended 2011	Presentation of Items of Other Comprehensive Income
IAS 12	Amended 2010	Recovery of Underlying Assets
IAS 19	Amended 2011	Employee Benefits
IAS 24	Amended 2009	Revised Definition of Related Parties
IAS 27	Amended 2011	Separate Financial Statements
IAS 28	Amended 2011	Investments in Associates and Joint Ventures

The directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements

3 **Significant accounting policies**

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments The principal accounting policies adopted are set out below

The financial statements have been prepared on a going concern basis as discussed in the Financial Director's Report and Corporate Governance Statement

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 October each year Control is achieved when the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities

All subsidiaries are 100% owned and there are no non-controlling interests in the Group

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the IFRS policies used by the Group

All intra-group transactions, balances, income and expenses are eliminated on consolidation

Business combinations

The acquisition of a subsidiary undertaking or a business undertaking is accounted for using the acquisition method The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell

3. **Significant accounting policies (continued)**

Business combinations (continued)

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement

Foreign exchange

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency) For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used Exchange differences arising, if any, are classified as equity and recognised in the Group's foreign currency translation reserve Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of

Property, ships, plant and equipment

Property, ships, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment in value

Depreciation

Depreciation is provided on all property, dry docks, ship improvements and plant and equipment, other than freehold land, at rates calculated to write off the cost or revalued amount, less estimated residual value of each asset evenly over its expected useful life, as follows

Freehold land and buildings	2% per annum straight line
Cruise ships	5% - 50% per annum straight line
Leasehold improvements	Over lease period
Office equipment	25% per annum straight line

The carrying values of property, ships, plant and equipment are reviewed at least annually for impairment or if events or changes in circumstances indicate the carrying value may not be recoverable

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end Further details regarding the residual values of the cruise ships is provided in note 4 to the financial statements

Costs relating to mandatory cruise ship dry docks are capitalised and depreciated over the period up to the next dry dock where appropriate

3. Significant accounting policies (continued)

Depreciation (continued)

Land and buildings held for administrative purposes are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date Freehold property was last revalued in October 2009

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties' revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties' revaluation reserve relating to a previous revaluation of that asset

Depreciation on revalued buildings is charged to income On the subsequent sale of a revalued property, the attributable revaluation surplus remaining in the properties' revaluation reserve is transferred directly to retained earnings

Investment property

Investment property, which is property held to earn rentals, is stated at deemed cost as the Group elected, under the transitional arrangements available under IFRS 1, to use the previous carrying value under UK GAAP as deemed cost on transition to IFRS The investment property is depreciated on a straight-line basis at 2% per annum The land on which it is situated is not depreciated

Intangible assets

Intangible assets with a finite useful life are carried at cost less amortisation and any impairment losses Intangible assets represent items which meet the recognition criteria of IAS 38, "Intangible Assets"

Amortisation of intangible assets is calculated over the following periods

Customer relationships	- 5% - 10% per annum straight line
Trademarks	- 2% - 4% per annum straight line
Computer software	- 25% per annum straight line

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs

Recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised in the income statement as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Notes to the Consolidated Financial Statements
For the year ended 31 October 2011

3. **Significant accounting policies (continued)**

Impairment of tangible and intangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument

Financial assets

In accordance with IAS 39, *'Financial Instruments Recognition and Measurement'*, the Group's financial assets are classified into the following specified categories

- loans and receivables, and
- financial assets 'at fair value through profit or loss' ("FVTPL")

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition Currently the Group does not have any financial assets that are classified as 'held to maturity' or 'available-for-sale', as defined by IAS 39

Loans and receivables

Loans and other receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market These assets are carried at amortised cost using the effective interest method, if the time value of money is significant, less any provision for impairment Gains and losses are recognised in income when the loans and receivables are derecognised or impaired This category of financial asset includes trade receivables

Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value after initial recognition with any gains or losses arising being included in the consolidated income statement In respect of the Group, financial assets at FVTPL can include the Group's fuel and foreign currency derivatives with their fair value being determined by external valuers using market data (please refer to note 4 for further details)

Bank balances and cash in hand

Restricted cash comprises cash deposits which have restrictions governing their use and are classified as current or non-current dependent on the remaining length of the restriction, which is determined from contractual terms governing the restriction Cash and cash equivalents comprise cash in hand, cash held in banks accounts with no access restrictions and bank or money market deposits repayable on demand or maturing within three months of inception If the bank or money market deposits have an original maturity of three months or more these are disclosed as 'interest bearing bank deposits' outside cash and cash equivalents This reflects the contractual terms of the deposit agreements such that whilst the Group often has immediate access to the bank deposits, the counterparty has the right to restrict interest payments in the event of early withdrawal Interest income on these balances is recognised using the effective interest method

3 **Significant accounting policies (continued)**

Financial instruments (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been reduced

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, an appropriate portion of the loss previously recognised is reversed

De-recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities measured at amortised cost

Financial liabilities at amortised cost

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period This category of financial liabilities includes trade payables, accruals, deferred income and borrowings

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL The Group has not designated any financial liabilities as being at FVTPL and accordingly only holds financial instruments in this category that are deemed to be held for trading under the provisions of IAS 39

With respect to the Group, the financial liabilities that can be classified as financial liabilities that are held for trading are the derivative instruments that are not designated and effective as hedging instruments (see the derivative accounting policy below)

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability

All Leisure group plc

Notes to the Consolidated Financial Statements
For the year ended 31 October 2011

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and changes in the price of fuel for the ships Derivative financial instruments are used by the Group to mitigate its exposure to movements in currency exchange rates and movements in the price of fuel

The majority of the Group's derivatives do not meet the hedge classification criteria of IAS 39 The Group has chosen to measure all its derivatives at fair value through profit and loss, with the movement being disclosed on the face of the income statement

Derivative financial instruments are measured at fair value as described above

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months Other derivatives are presented as current assets or current liabilities

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs

Share capital and share premium account

There is one class of shares When new shares are issued, they are recorded in share capital at their par value The excess of the issue price over the par value is recorded in the share premium account Incremental external costs directly attributable to the issue of new shares are recorded in equity as a deduction, net of tax, in the share premium account

Dividends

Dividends are provided for in the period in which they become a binding liability on the Company

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material

Inventories

Inventories representing engineering spares, fuels and lubricants are stated at the lower of cost (being purchase price to the Group) and net realisable value

Where necessary, provision is made for obsolete and damaged stocks

Notes to the Consolidated Financial Statements
For the year ended 31 October 2011

3 **Significant accounting policies (continued)**

Leases

Leases taken by the Group are assessed individually as to whether they are finance leases or operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases Operating lease rental payments are recognised as an expense in the income statement on a straight-line basis over the lease term The benefit of any lease incentives is spread over the term of the lease

All Group leases (which include Bareboat Charter agreements) are classified as operating leases

Taxation

The tax expense represents the sum of current tax expense and deferred tax expense

Current tax expense is based on taxable profit for the period Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date Certain of the Group subsidiary companies are subject to taxation under the UK Tonnage Tax regime Under this regime, a shipping company may elect to have its taxable profits computed by reference to the net tonnage of each of the qualifying ships it operates

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for accounting purposes Deferred tax balances are not significant to the Group due to the majority of the operations being within the tonnage tax regime, or taxed on a basis equivalent to the accounting basis

Where relevant, deferred tax is measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based upon tax rates and legislation that have been enacted or substantively enacted at that balance sheet date Deferred tax is charged or credited to the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also recognised in equity

Share-based payment

The Group issued equity-settled share-based payments to its former NOMAD in the year ended 31 October 2007 and issued equity-settled share-based payments to directors in the year ended 31 October 2009 Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant The fair value determined at the grant date of the equity-settled share-based payments was expensed immediately as the options vested on grant The fair value excludes the effect of non market-based vesting conditions

Fair value is measured by use of the Black-Scholes pricing model The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations

On the basis that both schemes are immaterial to the financial statements, the full disclosure requirements of IFRS 2, *'Share based payment'* have not been included however limited details regarding the share-based transactions are set out in note 29

3. **Significant accounting policies (continued)**

Revenue recognition

Revenue comprises sales to third parties (excluding VAT and similar sales, port and other taxes) Cruise revenues and cruise charter revenues, together with revenues from onboard and other activities, which include transportation and shore excursion revenues, are recognised in income for each day of the cruise as it progresses Discover Egypt revenue is recognised over the period of the tour package

Client monies received at the balance sheet date relating to holidays commencing after the year end are deferred and included within trade and other payables

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

Retirement benefit costs

The Group operates a defined contribution pension scheme The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Operating profit

Operating profit is stated before investment income and finance costs

Analysis of the income statement by nature or function

In prior financial years, the Group choose to present the analysis of its costs in the income statement by function to the business However, following an evaluation of financial statements prepared by industry peers, it was decided to change the presentation method to one by nature Accordingly, the prior year comparatives have been restated from their presentation in the 2010 audited financial statements A reconciliation of the 2010 comparatives to operating profit under both methodologies is presented below (italics denotes prior year presentation approach)

	2010 £'000 (as previously stated)	2010 £'000 (as restated)
Revenue	*82,606*	82,606
Operating costs		
Cruise	-	(55,026)
Tour and other	-	(5,857)
Selling and administrative	-	(15,199)
Depreciation and amortisation	-	(3,447)
Unrealised losses on fuel and foreign exchange hedges	-	(5,490)
Cost of sales	*(72,866)*	-
Administrative expenses	*(12,153)*	-
Total costs	*(85,019)*	(85,019)
Property rental income	*15*	15
Operating loss	*(2,398)*	(2,398)

All Leisure group plc

Notes to the Consolidated Financial Statements
For the year ended 31 October 2011

4. Critical accounting judgements and key sources of estimates uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant Actual results may differ from these estimates The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements

Residual value of cruise ships

As in the prior year, the residual value of the Group's cruise ships is measured on the basis of either an operating cruise ship or scrap value at the current projected end of its useful life to the Group In the cases where it is planned to dispose of the ship as a working vessel, the estimate of the residual value reflects independent specialist advice received by the Company from members of the Institute of Chartered Ship Brokers, relating to the current value of the vessels coupled with the likely disposal value of the ship at the projected end of the useful life to the Group For information, the current valuations, provided by these independent specialists, for mv Alexander von Humboldt and mv Discovery are €35m (as of April 2011) and US$28m (as of November 2011) respectively If it is assumed the ship will be scrapped, the residual value is based on external market data for the scrap value of steel Ship residual values are determined in US Dollars and are therefore subject to foreign exchange risk

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below

Valuation of derivative financial instruments

The Group has significant derivative assets and liabilities on balance sheet as at 31 October 2010 and 31 October 2011, which are carried at fair value as required by IAS 39, *Financial instruments Recognition and Measurement* The fair value is reported in the income statement and creates volatility in reported results The Group uses external consultants who are engaged to professionally value the Group's derivatives The Group believes that the derivative market value at the year end is based on appropriate estimates The Group notes though that the valuation of derivative financial instruments requires significant estimates, primarily

- The spot rate at the balance sheet,
- The forward rate,
- Time, in terms of remaining contractual term and fixing date(s) contained within it, and
- Market volatility

Dry dock provisions

The bareboat charter agreement for mv Minerva establishes certain minimum return conditions on the vessel at the end of the agreement To the extent that these are considered unavoidable, the Group records a provision for the best estimate of the expected expenditure to be incurred, with a corresponding asset recorded The asset is depreciated to the date that the work is planned to be completed The estimation of the provision requires significant judgment, and has inherent uncertainties relating to the cost of the work to be completed Further, the liability will be settled principally in Euros and is carried in a US Dollar functional currency entity Accordingly, the level of the liability at Group level is subject to both fluctuations in value between the US Dollar and Euro exchange rate, and the Euro and £ sterling exchange rate However, as the dry-dock is scheduled to occur in February 2012, as at the date of approval of the financial statements management have a far better understanding of the likely final costs of the works to be performed and this is not materially different to the amount recognised at the balance sheet date

4. **Critical accounting judgements and key sources of estimates uncertainty (continued)**

Impairment of Swan Hellenic

The Group has completed a detailed impairment review of the assets in the Swan Hellenic cash generating unit (CGU) due to the loss in this CGU during the year ended 31 October 2011

The Swan Hellenic brand is currently used for cruises on the mv Minerva Following extensive negotiations with the owner and a plan to improve and modernise the vessel, the lease on this ship has been extended to 2021

The recoverable amount assumes that from this date cruises under this brand will take place on a replacement vessel In determining the recoverable amount, the Group has used the following principal inputs

	Measure
Discount rate – pre tax	14 0%
Cash flow forecast period	5 years + terminal value
Rate of increase of cash flows beyond the budget period	3% (0% after 5 years)

The Group prepares cash flow forecasts derived from the most recent financial budgets for the next five years and calculates a terminal value for periods thereafter These assumptions have been revised in the year in light of the current economic environment Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market and the ship on which the brand operates It is anticipated that sales volumes will increase over the next year as the economic recovery gathers pace and the demand for cruise holidays increases

Based on this review, which concluded that the value in use is higher than the net book value of the CGU, the Group is satisfied that the assets of Swan Hellenic are not impaired at the balance sheet date The Directors note that the assumptions made in preparing the impairment review have a significant impact on the recoverable amount of the CGU, and actual events may differ materially from expectation

Provision arising from a contractual arrangement

During the year the Group chartered AvH to a third party tour operator The tour operator failed to pay a number of suppliers from whom they had ordered goods and services from that had been supplied to the vessel Under maritime law, it is possible for suppliers to make claims against the owner of a ship under certain circumstances Having sought legal advice, and based on management's understanding of maritime law, given the charterer has not gone into administration it has been advised that the Group can defend these claims through due legal process or via direct liaison with the suppliers in question As yet, no decision has been made on which approach will be best for the Group however both will involve the outflow of cash, as taking the legal route would entail the funds being held in escrow by the court until an adjudication is made in the Group's favour, or not, as the case may be The provision has been calculated based on the full amount owed to the suppliers in question with an additional allowance made for legal costs incurred and to be incurred Depending on future decisions made by the court or negotiations with suppliers, the outcome of which is uncertain and beyond management's control, there is uncertainty as to whether the provision reflects accurately the future outflows For operational reasons, it is necessary for the Group to ensure the claims are withdrawn in early 2012 and therefore there will be a definite cash outflow within 12 months of the balance sheet date However, should management decide to take the court route for settlement, it may be the case that the courts make a decision which could, assuming a favourable outcome for the Group, result in the Group recovering all or some of the money that would be held in escrow by the court

5 Revenue

An analysis of the Group's revenue is as follows

	2011 £'000	2010 £'000
Continuing operations		
Sales of cruise holidays and ancillary services	74,910	74,490
Sales of package holidays	5,451	8,116
	80,361	82,606
Property rental income	16	15
Investment income	341	445
	80,718	83,066

Ancillary services revenue included within sales of cruise holiday and ancillary services includes all revenue derived directly from the cruise holidays sold, other than the principal cruise Ancillary services revenue includes excursions revenue, on board revenue such as bar, laundry and other, and insurance income None of these revenue streams account for more than 10% of the overall revenue and are considered by the Directors to be a component of the overall revenues derived on cruises

6 Business and geographical segments

The Group has identified that each of its brands is an operating segment and that these operating segments meet the criteria to be aggregated into the two reporting segments Cruising and Tour Operating

Reporting segment revenues and results

The Group is currently organised into two reporting segments as follows

Cruising This is the Group's largest reporting segment and includes the cruise operating segments Revenue streams are principally from the UK but also from the USA and rest of the world

Tour operating This segment represents the Group's Discover Egypt operation, providing holidays in Egypt to the UK market

The Group holds all its derivative contracts to maturity and for this reason, coupled with being unable to hedge account under IAS 39, the information on these instruments is reported separately to the chief operating decision maker Furthermore, these movements are not allocated to any one reporting segment in the management accounts As a consequence the information is presented below with an adjustment that reconciles the operating profit on an IFRS basis, which includes the mark-to-market impact of the Group's open derivative financial instruments

Information about these businesses is presented below

	Cruising 2011 £'000	Tour Operating 2011 £'000	Consolidated 2011 £'000	Cruising 2010 £'000	Tour Operating 2010 £'000	Consolidated 2010 £'000
Revenue						
External sales	74,910	5 451	80,361	74,490	8,116	82,606
Total revenue	74,910	5,451	80,361	74,490	8,116	82,606
Result						
Segment profit	4,288	240	4,528	4,166	313	4,479
Central costs of administration			(1,147)			(1,387)
Operating profit before adjustment for certain derivative financial instruments			3,381			3,092
Adjustment for certain derivative financial instruments			1,942			(5,490)
Operating profit/(loss)			5,323			(2,398)
Investment revenues			341			445
Finance costs			-			(89)
Profit/(loss) before tax			5,664			(2,042)
Tax credit/(charge)			19			(32)
Profit/(loss) for the financial year			5,683			(2,074)

6. Business and geographical segments (continued)

Segment assets

	2011 £'000	2010 £'000
Cruising	59,286	64,378
Tour operating	508	690
Total segment assets	59,794	65,068
Unallocated assets	1,552	1,425
Consolidated total assets	61,346	66,493

The unallocated corporate assets primarily relate to certain cash balances and group properties

Segment liabilities

	2011 £'000	2010 £'000
Cruising	26,748	35,177
Tour operating	1,833	3,040
Total segment liabilities	28,581	38,217
Unallocated liabilities	249	246
Consolidated total liabilities	28,830	38,463

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cruising	4 583	3,435	8,870	23,003
Tour operating	-	-	-	-
Unallocated	127	12	461	-
	4,710	3,447	9,331	23,003

6. Business and geographical segments (continued)

Geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services

	Sales revenue by geographical market		Non-current assets	
	2011	**2010**	**2011**	**2010**
	£'000	**£'000**	**£'000**	**£'000**
UK	72,100	71,099	45,977	43,920
USA	4,245	6,817	-	-
Rest of the world	4,016	4,690	-	-
	80,361	82,606	45,977	43,920

7. Other income

	2011	2010
	£'000	**£'000**
Insurance claims	1,601	-
Damages awarded	1,864	-
	3,465	-

Insurance claims
The insurance claims amount relates to the settlement of insurance claims made in respect of technical matters experienced on ships operated by the Group based on past events

Damages awarded
The damages awarded arose from the Company's success against the insurers underwriting the financial failure insurance provided to passengers of Hebridean Island Cruises Limited ("HICL"), a policy which was designed to indemnify the passengers in respect of any net ascertained financial loss sustained from cancellation / curtailment of their travel arrangements as a result of insolvency This matter was disclosed in 'Key sources of estimation uncertainty' in note 4 in the prior year signed financial statements and is referred to in more detail in the Chairman's Statement and the Finance Director's Report

The Insurers refused to pay out under the policy because the Company operated identical replacement cruises for the passengers at no extra cost In September 2009, the passengers formally assigned their claims under the Policy to the Company and in March 2010, the Company's solicitors issued a claim on behalf of the Company in the Commercial Court ("the Court")

The Court ruled in the Company's favour on all accounts and awarded the Company the full amount claimed The amount presented above is shown net of insignificant unrecoverable legal costs incurred

8 Operating profit/(loss)

	2011 £'000	2010 £'000
Operating profit/(loss) has been arrived at after charging/(crediting):		
Foreign exchange loss/(gains)	81	(3,012)
Depreciation of property, ships, plant and equipment	4,160	2,928
Depreciation of investment property	2	4
Amortisation of intangibles assets	548	515
Staff costs (note 10)	5,302	5,666
Provision arising from a contractual arrangement (note 24)	750	-
Costs attributed to volcanic ash disruption	-	583

Auditor remuneration details are provided in note 9

Provision arising from a contractual arrangement

This item arises as a result of losses incurred, or anticipated to be incurred, from the bareboat charter of mv Alexander von Humboldt to a third party Please refer to note 4 for further details

Volcano impact

In the prior financial year, following the eruption of the Eyjafjallajokull volcano in Iceland in April 2010, there was a period of closure of UK and European airspace The Group attributed specific costs to this airspace closure These comprised £446,000 of incremental costs that were principally hotel and meal costs for stranded inbound and outbound customers and the cost of repatriation of inbound customers They also included £137,000 of marketing costs related to cruises which did not sail

9. Auditor's remuneration

The analysis of auditors' remuneration is as follows

	2011 £'000	2010 £'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	14	13
Fees payable to the Company's auditors and their associates for other services to the Group		
- The audit of the Company's subsidiaries pursuant to legislation	55	47
Total audit fees	69	60
- Interim review	20	25
- ABTA and ATOL returns	1	1
- Share option scheme	-	26
Total non-audit fees	21	52

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10. Information regarding directors and employees

Non-executive directors' emoluments

2 (2010 - 2) non-executive directors receive payments for services rendered to the All Leisure group plc Their emoluments are included in the analysis below

Key management and non-executive director compensation

2011	Salary and bonus £'000	Fees £'000	Estimated benefits in kind £'000	Total short term employment benefits £'000	Contributions to money purchase pension scheme £'000	2011 Total £'000
Roger Allard	128	174	3	305	-	305
Rob Bryant	213	-	2	215	21	236
Ross Jobber	60	-	-	60	6	66
Guy Marchant	89	-	-	89	2	91
Neil Morris	71	-	-	71	7	78
Philip Ovenden	13	-	5	18	-	18
Nigel Jenkins	-	31	-	31	-	31
	574	205	10	789	36	825

2010	Salary and bonus £'000	Fees £'000	Estimated benefits in kind £'000	Total short term employment benefits £'000	Contributions to money purchase pension scheme £'000	2010 Total £'000
Roger Allard	150	174	3	327	-	327
Rob Bryant	228	-	3	231	21	252
Ross Jobber	124	-	-	124	12	136
Guy Marchant	120	-	-	120	9	129
Philip Ovenden	15	-	5	20	-	20
Nigel Jenkins	-	31	-	31	-	31
	637	205	11	853	42	895

Details of the highest paid director are included in the table above

Post employment benefits comprise pension contributions made to money purchase schemes on behalf of directors

The fees of Roger Allard were paid to his consultancy business Roger Allard Limited as disclosed in note 33 Guy Marchant's salary and bonus for the year ended 31 October 2011 includes a sum of £73,775 relating to compensation for loss of office

All executive directors (2010 - all) participated in All Leisure group plc money purchase scheme with the exception on Mr R J Allard in both years

10. Information regarding directors and employees (continued)

Key management compensation above does not include any amounts for the value of options to acquire ordinary shares in the company The following directors held options as disclosed below

	At 1 November 2010 Number	At 31 October 2011 Number	Exercise Price £	Date from which exercisable	Expiry date
Roger Allard	123,655	123,655	1 43	26/01/2010	26/01/2012
Roger Allard	115,994	115,994	0 78	26/01/2010	26/01/2012
Rob Bryant	86,434	86,434	1 43	26/01/2010	26/01/2012
Rob Bryant	81,608	81,608	0 78	26/01/2010	26/01/2012

No additional options were granted and no options were exercised during the year Further details of the Company's share option schemes are given in note 29

Information regarding directors and employees

	2011 Number	2010 Number
The average monthly number of employees (including directors) was:		
Administration	59	60
Sales	52	47
Ship	8	7
	119	114

	£'000	£'000
The aggregate payroll and related expenses included in both cruise operating expenses and selling and administrative expenses comprised·		
Wages and salaries	4,647	4,995
Social security costs	469	495
Other pension costs (note 30)	186	176
	5,302	5,666

11. Investment revenue

	2011 £'000	2010 £'000
Interest on bank deposits	108	445
Interest on other loans and receivables	233	-
	341	445

In the current and prior year the bank deposits were entirely classified as loans and receivables The interest on other loans and receivables has arisen on amounts due to the Group following the award of damages as discussed in note 7

12 Finance costs

	2011 £'000	2010 £'000
Amortisation of discount on ship loan	-	89

The amortisation of the discount on the ship loan in the prior year represented a non cash interest charge arising on the loan provided to the Group by the previous owners of the ship, mv Discovery This loan was interest free, though in accordance with IAS 16, the purchase price of the ship, and the associated loan carrying amount were reduced on transition to IFRS by the effective interest included in the loan principal This adjustment to the carrying amount unwinds each period within this line item in the income statement The loan was fully repaid in the year

Notes to the Consolidated Financial Statements
For the year ended 31 October 2011

13 Tax (credit)/charge

a) Tax (credit)/charge on profit/(loss)

	2011 £'000	2010 £'000
Current tax		
- Current year	10	37
- Adjustment with respect to prior years	(29)	(5)
Total tax (credit)/charge	(19)	32

(b) Factors affecting the tax (credit)/charge for the year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 26 8% (2010 – 28 0%) The differences are explained below

	2011 £'000	2010 £'000
Profit/(loss) before tax		
Continuing operations	5,664	(2,042)
Tax at the UK corporation tax rate of 26 8% (2010 28 0%)	1,518	(572)
Adjustments from income taxed under the tonnage tax regime	(1,690)	453
Expenses not allowable for tax purposes	111	172
Unutilised losses carried forward	73	-
Marginal rate differences	(2)	(16)
Adjustment in respect of prior years	(29)	(5)
Total tax (credit)/charge	(19)	32

For accounting periods beginning on or after 1 January 2000 a shipping company or group may elect to have its taxable profits computed by reference to the net tonnage of each qualifying ship it operates subject to meeting various conditions Accordingly, the majority of the Group's profits are not subject to taxation under the normal corporation tax regime This results in a significant reduction in the taxation liability of the Group, reflected above in the income taxed under tonnage tax regime line item

Deferred tax

Due to the majority of the Group's trading subsidiary companies being within the tonnage tax regime, the Group has no significant deferred tax assets or liabilities as at 31 October 2011 or 2010 Under this regime, the relevant subsidiary companies are taxed on the basis of the tonnage of the vessels under operation, rather than the profit before taxation

At the balance sheet date, the Group has unutilised trading losses of £10 3 million (2010 £10 2 million) available for offset against future profits No deferred tax asset has been recognised in respect of the trading losses due to the majority of the Group being taxed within the tonnage tax regime

Notes to the Consolidated Financial Statements
For the year ended 31 October 2011

14. Dividends

	2011 £'000	2010 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 October 2010 of 1 31p (2009 1 22p) per share	809	753
Interim dividend for the year ended 31 October 2010 of 0 64p (2009 0 64p) per share	395	370
	1,204	1,123
Amounts proposed not recognised in the period:		
Interim dividend for the year ended 31 October 2011 of 0 64p (2010 0 64p) per share	395	395
Proposed final dividend for the year ended 31 October 2011 of 1 31p (2010 1 31p) per share	809	809
	1,204	1,204

The interim dividend of £395,000 was payable to shareholders on the register on 14 October 2011 and was paid on 11 November 2011 Interim dividends only become binding liabilities on the Company when declared as paid and accordingly, the interim dividend in respect of financial year 2010/11 has not been included as a liability in these financial statements

The proposed final dividend of £809,000 is subject to approval by shareholders at the Annual General Meeting and has also not been included as a liability in these financial statements

15. Earnings/(loss) per share

	2011 Pence	2010 Pence
Basic	9 2	(3 4)
Diluted	9 2	(3 4)

The calculation of the basic and diluted earnings/(loss) per share is based on the following data

Earnings	**£'000**	**£'000**
Earnings for the purposes of basic and diluted earnings/(loss) per share being net profit/(loss) attributable to equity holders of the parent	5,683	(2,074)

Number of shares	**No.**	**No**
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	61,744,777	61,744,777

All results derive from continuing operations and accordingly total earnings/(loss) per share and earnings per share from continuing operations are the same

Notes to the Consolidated Financial Statements
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16. Intangible assets

	Hebridean customer relationships £'000	Hebridean trademark £'000	Swan Hellenic customer database £'000	Swan Hellenic trademark £'000	Computer Software £'000	Total £'000
Cost						
At 1 November 2009	2,783	593	1,283	1,924	33	6,616
Additions	-	-	-	-	54	54
At 1 November 2010	2,783	593	1,283	1,924	87	6,670
Additions	-	-	-	-	134	134
At 31 October 2011	2,783	593	1,283	1,924	221	6,804
Amortisation						
At 1 November 2009	139	12	192	115	15	473
Charge for the year	278	24	128	77	8	515
At 1 November 2010	417	36	320	192	23	988
Charge for the year	278	24	128	77	41	548
At 31 October 2011	695	60	448	269	64	1,536
Carrying amount						
At 31 October 2011	2,088	533	835	1,655	157	5,268
At 1 November 2010	2,366	557	963	1,732	64	5,682
At 1 November 2009	2,644	581	1,091	1,809	18	6,143

Computer software represents software that is capable of being operated independently of any specific hardware and accordingly is recognised as a separate intangible asset This software is amortised over its useful economic life of 4 years

Notes to the Consolidated Financial Statements
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17. Property, ships, plant and equipment

	Freehold land and buildings £'000	Cruise ships £'000	Leasehold improve -ments £'000	Office equipment £'000	Total £'000
Cost or valuation					
At 1 November 2009	1,162	18,246	1,271	191	20,870
Additions	-	22,798	101	50	22,949
Disposals	-	(1,277)	-	-	(1,277)
Adjustment	(62)	-	-	-	(62)
At 1 November 2010	1,100	39,767	1,372	241	42,480
Additions	-	8,701	169	327	9,197
Disposals	-	(844)	-	-	(844)
At 31 October 2011	1,100	47,624	1,541	568	50,833
Accumulated depreciation and impairment					
At 1 November 2009	62	5,073	208	138	5,481
Charge for the year	20	2,601	275	32	2,928
Released on disposal	-	(1,277)	-	-	(1,277)
Adjustment	(62)	-	-	-	(62)
At 1 November 2010	20	6,397	483	170	7,070
Charge for the year	20	3,725	351	64	4,160
Released on disposal	-	(844)	-	-	(844)
At 31 October 2011	40	9,278	834	234	10,386
Carrying amount					
At 31 October 2011	1,060	38,346	707	334	40,447
At 1 November 2010	1,080	33,370	889	71	35,410
At 1 November 2009	1,100	13,173	1,063	53	15,389

The administrative office building, Lynnem House, 1 Victoria Way, Burgess Hill, RH15 9NF is carried at a revalued amount This property was revalued at 31 October 2009 by Messrs Stiles Harold Williams, valuers that are independent of the Group, on the basis of market value The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties This property has a cost of £839,000 (2010 £839,000) and a revalued amount of £700,000 (2010 £700,000), included within Freehold land and buildings The building element of this property is valued at £578,000 and is being depreciated over 50 years The associated land it is situated on is not being depreciated

2 Discovery Mews, Copthorne Bank, Copthorne, RH10 3JF is also carried at a revalued amount This property was revalued at 31 October 2009 by Hamptons International, valuers that are also independent of the Group, on the basis of open market value This property has a cost of £372,000 (2010 £372,000) and a revalued amount of £400,000 (2010 £400,000), included within Freehold land and buildings The building element of this property is valued at £335,500 and is being depreciated over 50 years The associated land it is situated on is not being depreciated The revaluation surplus arises in a subsidiary and cannot be distributed to the parent due to legal restrictions in the country of incorporation

At 31 October 2011, had the land and buildings other than investment property of the Group been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately £1 2 million (2010 £1 2 million)

At 31 October 2011, 31 October 2010 and 31 October 2009 the Group had no contractual commitments for the acquisition of property, ships, plant and equipment

Notes to the Consolidated Financial Statements
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18. Investment property

	£'000
Deemed cost	
At 1 November 2009, 1 November 2010 and 31 October 2011	280
Accumulated depreciation	
At 1 November 2009	12
Charge for the year	4
At 1 November 2010	16
Charge for the year	2
At 31 October 2011	18
Carrying amount	
At 31 October 2011	262
At 1 November 2010	264
At 1 November 2009	268

On transition to IFRS, the Group has adopted the cost model for its sole investment property, such that the carrying value at the date of transition to IFRS on 1 November 2006 has been treated as the deemed cost of this property

The latest valuation of the property was completed on an open market existing use basis in May 2008 by Messrs Pearsons Commercial The market value determined under this basis was £275,000

The historical cost of this investment property to the Group is £65,000 (2010 £65,000)

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to £16,000 (2010 £15,000)

All Leisure group plc

Notes to the Consolidated Financial Statements
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19. Subsidiaries

A list of the significant investments in subsidiaries, all of which are 100% owned, including the name and country of incorporation, is given in note 'd' to the Company's separate financial statements All subsidiaries draw up their accounts to 31 October

Apart from the revaluation reserve of All Leisure Holidays Limited, which cannot be distributed as discussed, there are no significant restrictions on the ability of the subsidiary undertakings to transfer funds to the parent company of the Group in the form of either cash dividends, or repayment/advance of loans

20. Inventories

	2011 £'000	2010 £'000
Engineering stock and consumables	1,545	1,858

Inventories represent principally engineering spares, fuel and lubricants The difference between the purchase price and replacement cost is not material for any of the years

21. Other financial assets and prepayments and accrued income

Trade, other receivables, prepayments and accrued income

	2011 £'000	2010 £'000
Trade receivables	937	83
Other debtors	2,548	347
VAT recoverable	284	206
Prepayments and accrued income	2,599	3,972
	6,368	4,608

Trade receivables primarily constitute amounts receivable from ATOL bonded travel agents

As a result of this bonding and the insignificant amounts involved, the receivable amounts were subject to insignificant credit risk and accordingly, no provisions had been made against the carrying values of trade receivables

Of the £3,485k of total trade and other receivables, all but £464k is denominated in sterling with the remainder being Euros

Total bank balances and cash in hand

	2011 £'000	2010 £'000
Interest bearing bank deposits	-	5,573
Restricted cash		
- non-current	-	2,564
- current	464	469
Unrestricted cash	6,735	9,510
	7,199	18,116

21. Other financial assets (continued)

Total bank balances and cash in hand (continued)

When circumstances allow, the Group deposits excess cash in interest bearing bank deposits to maximise the return on assets Where the bank deposits have an original maturity of three months or more, the amounts are classified outside of cash This reflects the contractual terms of the deposit agreements, such that, while the Group has immediate access to the bank deposits, the counterparty has the right to restrict interest payments under the deposit agreements

Restricted cash represents funds held by the Group in bank accounts where there are guarantees written to third parties, such that they are not available for use by the Group until the end of the contract term In the prior year, the principal restricted cash was held as a guarantee for the bareboat charter of mv Minerva, being the £2,564,000 non-current cash The current restricted cash represents cash held by the Group's independent credit card clearing company In the current financial year, this cash guarantee was replaced by a bank guarantee, as described in note 27

Unrestricted cash represents short-term bank deposits with an original maturity of three months or less

The carrying amount of these assets approximates their fair value Further details are included in note 31

22. Derivative financial instruments

	2011 £'000	2010 £'000
Financial assets/(liabilities) carried at fair value through profit and loss (FVTPL)		
Held for trading derivatives that are not designated in hedge accounting relationships		
Foreign currency forward options, swaps, currency target accrual forwards, DCDs	(1,299)	(3,539)
Fuel forward purchase	257	555
	(1,042)	(2,984)

All amounts are current and further details of derivative financial instruments are provided in note 31

23. Other financial liabilities

Trade payables, accruals and deferred income and other payables

	2011 £'000	2010 £'000
Trade payables	7,258	8,373
Accruals and deferred income	17,618	24,491
Other payables	377	493
	25,253	33,357

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 40 days (2010 50 days) The Group does not incur interest from its suppliers on trade payable balances based on normal credit terms Thereafter, and assuming the balance is not settled within those terms, interest can be charged on the outstanding balances at various interest rates The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe The Group has sufficient funds available to meet its liabilities as they fall due

The Directors consider that at both financial year ends the carrying amount of trade payables approximates to their fair values

24 Provisions

	2011 £'000	2010 £'000
Dry dock provision	1,467	1,476
Onerous contract provision	750	-
	2,217	1,476

	Onerous contract £'000	Dry dock provision £'000	Total £'000
At 1 November 2009	-	1,519	1,519
Exchange difference	-	(43)	(43)
At 1 November 2010	-	1,476	1,476
Provided in the year	750	-	750
Exchange difference	-	(9)	(9)
At 31 October 2011	750	1,467	2,217

The dry dock provision represents the Group's best estimate of minimum repair and maintenance obligations imposed on the Group as a result of the mv Minerva bareboat charter agreement The dry dock which has been provided for is anticipated to occur in 2012 Please refer to notes 4 and 8 for further details regarding the onerous contract provision

25. Share capital

	2011 £'000	2010 £'000
Authorised		
100,000,000 (2010 100,000,000, 2009 100,000,000) ordinary shares of 1p each	1,000	1,000
Issued and fully paid:		
61,744,777 (2010 61,744,777, 2009 61,744,777) ordinary shares of 1p each	617	617

The Company has one class of ordinary share that carries no rights to fixed income

Details of outstanding options over ordinary 1p shares in the Company of 1,482,306 are provided in note 29

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders considering the risk profile of the Company The Directors consider that the capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed above and in the Consolidated Statement of Changes in Equity

The Group's Board reviews the capital structure on an annual basis As part of this review, the Board considers the cost of capital and the risks associated with each class of capital

The Group currently has cash balances available for trading activities and does not have any debt

Externally imposed capital requirement

In order to offer air inclusive package holidays, the Group requires the annual renewal by the Civil Aviation Authority of its ATOL licence The CAA awards this on the basis of a qualifying net assets test and renews this in March each year The Group has complied with these capital requirements during the periods presented in these financial statements, and subsequent to 31 October 2011 to the date of signing these financial statements

Notes to the Consolidated Financial Statements
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26 Notes to the cash flow statement

	2011 £'000	2010 £'000
Profit/(loss) for the financial year	5,683	(2,074)
Adjustments for		
Investment revenues	(341)	(445)
Rental income	(16)	(15)
Finance costs	-	89
Income tax (credit)/charge	(19)	32
Depreciation and amortisation	4,710	3,447
Foreign exchange movements	81	288
Movement in fair value of derivatives	(1,942)	5,490
Increase/(decrease) in provisions	741	(135)
Operating cash flows before movements in working capital	8,897	6,677
Decrease/(increase) in inventories	313	(551)
(Increase)/decrease in receivables	(1,760)	252
(Decrease)/increase in payables	(8,104)	6,773
Cash (outflow)/inflow generated from operations	(654)	13,151
Income taxes paid	(8)	(9)
Net cash (outflow)/inflow from operating activities	(662)	13,142

27. Contingent liabilities

The Group currently holds an Air Travel Organisers' Licence ('ATOL') (number 3897) issued by the Civil Aviation Authority ("CAA") and is a member of the Association of British Travel Agents Limited ("ABTA")

As at 31 October 2011, there were contingent liabilities in respect of counter indemnities and guarantees given by the Company and the Group, in the normal course of business, to insurance obligors in respect of ABTA bonds amounting to £2,326,000 (2010 - £3,180,000) Due to the introduction of the ATOL Protection Contribution ('APC'), the Group is no longer required to hold an ATOL bond

During the year, Lloyds Banking Group plc issued a guarantee of US$4,055,000 in respect of the bareboat charter of mv Minerva

There are no other material contingent liabilities

28. Operating lease arrangements

The Group as lessee

	2011 £'000	2010 £'000
Minimum lease payments under operating leases recognised as an expense in the year		
- Bareboat charter	2,517	2,602
- Office properties and office equipment	98	117
	2,615	2,719

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	2011 £'000	2010 £'000
Ship bareboat charter		
Within one year	2,526	2,536
In the second to fifth years inclusive	10,068	5,284
After five years	9,003	-
	21,597	7,820
Office and office equipment		
Within one year	69	79
In the second to fifth years inclusive	124	146
After five years	21	46
	214	271

Operating lease payments represent rentals payable by the Group for the bareboat charter on mv Minerva and for certain of its office properties and office equipment There are no current clauses in the lease agreements that allow for renewal of the leases, or establish a basis for rental payments that are contingent The extended bare boat charter of mv Minerva will now run till November 2021 with the final 18 months being a rent-free period

The Group as lessor

Property investment income earned from investment property during the year was £16,000 (2010 £15,000)

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments

	2011 £'000	2010 £'000
Within one year	16	15

29. Share based payments

Equity-settled share option scheme

The Group has not recognised any expenses in the income statement relating to equity-settled share-based payment transactions in either the current of preceding financial year Accordingly, and as described in note 3 to the financial statements limited information regarding the equity-settled share option schemes operated by the Group is presented below

(i) The Blue Oar Scheme

In the financial year ended 31 October 2007, the Company and Group issued certain share options to Blue Oar Securities (now known as Corporate Synergy Holdings), the former NOMAD to the Company, as part of the overall compensation arrangement for the Initial Public Offering of shares in the Company

No options were issued, exercised, forfeited or expired in the year ended 31 October 2011 Details of the share options outstanding during the year are as follows

	Number of share options	2011 Weighted average exercise price (in £)	Number of share options	2010 Weighted average exercise price (in £)
Outstanding at beginning and end of period	1,074,615	2 19	1,074,615	2 19
Exercisable at the end of the period	1,074,615	2 19	1,074,615	2 19

29. Share based payments (continued)

(ii) Director Scheme

During 2009 the Company set up a share option scheme for all directors of the Group Options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant The shares vested on grant If the options remain unexercised after a period of two years from the date of grant the options expire Options are forfeited if the employee leaves the Group before the options are exercised No share options were issued during the year as performance targets had not been met Details of the share options outstanding during the year are as follows

	Number of share options	2011 Weighted average exercise price (in £)	Number of share options	2010 Weighted average exercise price (in £)
Granted during the period	-	0 78	-	0 78
Expired during the period	159,654			
Outstanding at the end of the period	407,691		567,345	
Exercisable at the end of the period	407,691		567,345	

The weighted average share price at the date of exercise for share options that could be exercised during the period was £0 78 The options outstanding at 31 October 2011 had a weighted average exercise price of £0 78, and a weighted average remaining contractual life of 3 months No charge was made in the year in respect of these options and all remaining options outstanding as at 31 October 2011 will expire on 31 January 2012

30. Retirement benefit schemes – defined contribution schemes

The Group operates three defined contribution retirement benefit schemes for all qualifying employees The assets of the schemes are held separately from those of the Group in funds under the control of separate independent trustees Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions

The total cost charged to income of £186,000 (2010 £176,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans As at 31 October 2011, contributions of £3,000 (2010 £3,000) due in respect of the current reporting period had not been paid over to the schemes These amounts have been settled in full since the balance sheet date

31. Financial Instruments

a) Treasury risk overview

The Group is exposed to a variety of financial risks

- Market risk (in respect of foreign currency rate risk, jet fuel price risk and interest rate risk),
- Liquidity risk (in respect of the Group's ability to meet its liabilities),
- Credit risk (in respect of recovery of amounts owing to the Group), and
- Capital risk (in respect of its capital structure and cost of capital)

The Group's key financial market risks are in relation to foreign currency rates and fuel prices Currency risk results from the substantial cross-border element of the Group's trading and arises primarily on purchases, and to a lesser degree revenues, that are denominated in a currency other than in the Group's functional currency Further details about the Group's currency and commodity risk management procedures are provided in sections b) and c), respectively, to this note below

The Group is exposed to interest rate risk through the interest it receives on cash and cash equivalents as well as interest bearing deposits at banks, this is discussed further in section d) below

Credit risk, liquidity risk and capital risk are considered in sections e), f) and g) respectively

The Board of Directors has overall responsibility for the Group's treasury policies and procedures Policies are agreed each month at board meetings and then managed on an ongoing basis in the intervening period by the Group Finance Director and Chairman (currencies and deposits) and the Chief Executive (fuel) based on the parameters set in the board meetings Should circumstances change materially or adversely between board meetings, the Board of Directors will convene as necessary to address the issues arising

While the Group does not have a written policy relating to the management of risks arising from financial instruments, the close involvement of the Board of Directors in the day to day operations of the Group ensures that risks are monitored and controlled in an appropriate manner for the size and complexity of the Group

Please refer to note 25 with regards to capital risk management

b) Currency risk management

As noted above, the Group is exposed to currency risk on purchases and sales denominated in a currency other than the functional currency of the Group, i e Sterling

The Group enters into a variety of foreign exchange derivative contracts with three counterparties to secure delivery of the majority of the budgeted quantity of foreign currency for the brochure periods on sale At 31 October 2011 the Group had entered into contracts to cover its estimated exposure for periods up to and including Autumn 2012 A significant proportion of the Group's cost base is denominated in US Dollars and therefore it is appropriate to secure foreign currency delivery at known rates to budget operational costs and establish selling prices The precise quantity of foreign currency to be delivered is not known as the nature of the contracts will generate foreign currency purchase quantities dependent on market conditions at specified dates in the future The US dollar maximum currency to be delivered for the period to 31 October 2012 is approximately 200% of the current budgeted requirement, the minimum is approximately 90% of the requirement

The Group monitors these contractual provisions and uses appropriate techniques to manage the exchange rate risk arising from this as well as the risk of potentially having to buy more US Dollars or Euros than is required per the ratios included in certain derivative contracts (e g Target Forward Accruals and Ratio Accrual Forwards) The Group publishes its consolidated financial statements in Sterling and, as a result, it is also subject to foreign currency exchange translation risk in respect of the translation of the results and underlying net assets of its foreign operations into Sterling

31 Financial Instruments (continued)

b) Currency risk management (continued)

As at 31 October, the Group's cash and cash equivalent financial assets were carried in the following currencies

	2011 £'000	2010 £'000
£ Sterling	1,879	8,409
US Dollar	3,581	7,211
Euro	1,323	1,370
Other	416	1,126
	7,199	18,116

The following are the significant exchange rates applied by the Group to £ sterling as at 31 October

	2011	2010
US dollar	1 6141	1 5988
Euro	1 1572	1 1503

c) Commodity risk management

Fuel commodity risk arises from the Group's operation of its four ships In response to the increased volatility of fuel prices, the Group has entered into a series of marine fuel swaps to provide protection from rising fuel prices It was considered that the most appropriate benchmark was Rotterdam Barge +3 5%, and the contracts are entered into for this

d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group Credit risk arises from cash balances (whether they are classified as restricted cash, cash and cash equivalents or interest bearing bank deposits) and derivative financial instruments (namely fuel and/or foreign currency contracts), as well as credit exposure to customers, including outstanding receivables Credit risk is managed separately for treasury and operating related credit exposures Financial credit risk is monitored by the Board and while the counterparties are major banks and financial institutions, these are reviewed to ensure that there is no significant concentration of credit risk As at the balance sheet date, the Group's financial assets are principally held with the following banks, which are all high quality financial institutions as shown by the international credit ratings assigned by Moody's *(Bracketed ratings refer to the position at 31 October 2010)*

	Location of funds	*International Credit rating*	2011 £'000	2010 £'000
Allied Irish Bank plc	England	*Aa3 [-]*	3,081	-
Anglo Irish Bank Corporation Ltd	England	*- [A3]*	-	8,083
Lloyds Banking Group plc	England	*A1 [Aa3]*	589	2,139
Investec Bank plc	England	*-[Baa3]*	-	4,756
Intesa Sanpaolo	Italy	*Aa2[Aa2]*	2,545	2,564
First Data Corporation	United States	*B3 [B3]*	464	469
SunTrust Bank	United States	*Baa1[Baa1]*	482	48
Other			38	57
Total			7,199	18,116

31. Financial Instruments (continued)

The exposure of the fuel derivatives with any individual counterparty was not material in the current or prior financial year Trade receivables risk was not material in the prior year however please refer to note 21 for details of the Group's exposure in respect of trade receivables, and provisions for impairment against them, for the year ended 31 October 2011

e) Interest rate risk

The Group has interest rate risk arising on the rates receivable on deposits placed with banks and other financial institutions Interest rate risk is not considered material to the Group

f) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due The Group's approach is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed circumstances The Group's liquidity levels are both relatively high and constant, but peak at the beginning of the summer season (May) with the low point being during the winter season (February) To manage the liquidity position the Group is able to draw down on its bank and cash deposits, removing the need for additional borrowing facilities Cash positions and liquidity are monitored by the Board and the Board remains satisfied with the Group's funding and liquidity position

The table below shows the maturity of the Group's financial liabilities, assuming that payment is required at the earliest possible date by the counterparty under the contractual terms of the arrangements The amounts reported are gross, undiscounted cash flows

At 31 October 2011	Less than 30 days £'000	31 to 60 days £'000	61 to 180 days £'000	181 to 365 days £'000	More than 1 year £'000	Total £'000
Deferred income	(5,377)	-	-	-	-	(5,377)
Short term operating liabilities	(7,258)	-	-	-	-	(7,258)
Total non-derivative liabilities	(12,635)	-	-	-	-	(12,635)
Derivatives	68	151	(52)	(454)	(1,012)	(1,299)
Total liabilities	(12,567)	151	(52)	(454)	(1,012)	(13,934)

Notes to the Consolidated Financial Statements
For the year ended 31 October 2011

31. Financial Instruments (continued)

f) Liquidity risk (continued)

At 31 October 2010	Less than 30 days £'000	31 to 60 days £'000	61 to 180 days £'000	181 to 365 days £'000	More than 1 year £'000	Total £'000
Deferred income	(7,636)	-	-	-	-	(7,636)
Short term operating liabilities	(8,373)	-	-	-	-	(8,373)
Total non-derivative liabilities	(16,009)	-	-	-	-	(16,009)
Derivatives	51	(322)	96	(924)	(2,440)	(3,539)
Total liabilities	(15,958)	(322)	96	(924)	(2,440)	(19,548)

In respect of deferred income, the Group sells cruises and related services in advance of the departure of the relevant cruise Accordingly, income received in advance is deferred at the balance sheet date and recognised when the related service is provided Under the terms of the cruise contract, the Group is contracted to refund amounts received in advance, at the request of the customer, under the following conditions

Cruise cancelled prior to departure	Amount of refund
After payment of deposit	Loss of deposit
84 – 29 days before departure	40% of invoiced charge
28 – 8 days before departure	10% of invoiced charge
7 days before departure to departure date	nil% of invoiced charge

Although in practice the Group has a limited level of refunds, the Group is exposed to some liquidity risk on this class up to a maximum of 40% of the invoiced amount, in the event of customers seeking to cancel cruises The Group considers that this risk is minimal, due to the low number of customer cancelled cruises, which totalled £316,000 (2010 £573,000 including £328,000 as a result of the volcanic ash disruption) in the year

Trading facilities

At 31 October 2011, the Group had available £65,525,000 (2010 £55,626,000) of trading facilities

These facilities are in place to support the Group's fuel and foreign currency hedging activities in the main as follows

	2011 £'000	2010 £'000
- Fuel	7,143	7,143
- Foreign currency	48,882	44,620
- Other	9,500	3,863
	65,525	55,626

31. Financial Instruments (continued)

g) Analysis of total financial assets and financial liabilities

Based on the application of the accounting policies with respect to financial instruments, the amounts included in the relevant balance sheet items represent the following categories of financial instruments

At 31 October 2011	Fair value through profit and loss (FVTPL) £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Total £'000	Fair value £'000
Financial assets					
Trade receivables	-	937	-	937	937
Other receivables	-	2,548	-	2,548	2,548
Derivatives					
- fuel	257	-	-	257	257
Interest bearing bank deposits	-	-	-	-	-
Restricted bank balances					
- non-current	-	-	-	-	-
- current	-	464	-	464	464
Cash and cash equivalents	-	6,735	-	6,735	6,735
Total financial Assets	257	10,684	-	10,941	10,941
Financial liabilities					
Trade payables	-	-	7,984	7,984	7,984
Derivatives					
- currency	1,299	-	-	1,299	1,299
Deferred income	-	-	5,377	5,377	5,377
Total financial liabilities	1,299	-	13,361	14,660	14,660

Notes to the Consolidated Financial Statements
For the year ended 31 October 2011

31. Financial Instruments (continued)

g) Analysis of total financial assets and financial liabilities (continued)

At 31 October 2010	Fair value through profit and loss (FVTPL) £'000	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Total £'000	Fair value £'000
Financial assets					
Trade receivables	-	83	-	83	83
Other receivables	-	347	-	347	347
Derivatives					
- fuel	555	-	-	555	555
Interest bearing bank deposits	-	5,573	-	5,573	5,657
Restricted bank balances					
- non-current	-	2,564	-	2,564	2,564
- current	-	469	-	469	469
Cash and cash equivalents	-	9,510	-	9,510	9,510
Total financial Assets	555	18,546	-	19,101	19,185
Financial liabilities					
Trade payables	-	-	8,373	8,373	8,373
Derivatives					
- currency	3,539	-	-	3,539	3,539
Deferred income	-	-	7,636	7,636	7,636
Total financial liabilities	3,539	-	16,009	19,548	19,548

The only assets and liabilities of the Group in the current and proceeding year which have been measured at fair value through profit and loss are its derivative financial instruments The fair values of these are derived from those inputs other than quoted prices that are observable for the asset or liability, either directly (i e as prices) or indirectly (i e derived from prices) and they therefore are categorised within level 2 of the fair value hierarchy set out in IFRS 7 Accordingly, no table presenting an analysis of financial instruments that are measured subsequent to initial recognition at fair value by Levels 1 – 3 is presented

For the derivative financial instruments (both currency and fuel), the fair value has been calculated by discounting the future estimated cash flows based on the applicable yield curve derived from quoted interest rates The derivatives are carried at fair value and accordingly, the book value and fair value are the same

Notes to the Consolidated Financial Statements
For the year ended 31 October 2011

31. Financial instruments (continued)

h) Derivative instruments

The Group employs a range of derivative financial instruments in order to manage the cash flow exposures of forecast transactions denominated in foreign currencies These derivatives include Forward Exchange contracts, Swaps, Target Accrual Forward contracts and Dual Currency Deposits ("DCD's") The principal details relating to these contracts are provided below

- Forward Exchange contracts require the Group to purchase fixed quantities of foreign currency at a fixed date in the future (the maturity date)
- The nominal amount and exchange rate used for foreign currency purchased via Swaps are driven by the exchange rate on the transaction date Weakness or stability in sterling between the transaction date and the maturity date may result in the Group purchasing pre-agreed amounts of foreign currency at rates better than market rates on the maturity date Strength in sterling between the transaction and maturity date may result in the Group purchasing pre agreed, larger amounts of foreign currency at rates worse than market rates on the maturity date, however in this scenario the Group ensures that the exchange rate achieved is no lower than the budgeted exchange rate for that season
- The nominal amount and exchange rate used for foreign currency purchased via Target Accrual Rate Forward (TARF) contracts are driven by the exchange rate on the transaction date They are of indeterminate length dependent on the spot rate on the agreed transaction dates Weakness or stability in sterling between the transaction date and the maturity date may result in the Group purchasing foreign currency at rates better than market rates on the maturity date up to a pre-agreed profit for the Group Strength in sterling between the transaction and maturity date may result in the Group purchasing pre-agreed, larger amounts of foreign currency at rates worse than market rates on the maturity date, however in this scenario the Group ensures that the exchange rate achieved is no lower than the budgeted exchange rate for that season The TARF contracts are of an indeterminate length, within the overall contract period to November 2012, depending on the spot rate on the transaction dates

Foreign currency Target Accrual Forwards

	Fair Value	
	2011	**2010**
	£'000	**£'000**
Buy US dollars		
Less than 3 months	110	-
3 to 6 months	(95)	25
6 to 12 months	(401)	(576)
Over 12 months	(938)	(2,403)
	(1,324)	(2,954)
Buy Euros		
Less than 3 months	86	-
3 to 6 months	9	-
6 to 12 months	(31)	-
Over 12 months	(46)	-
	18	-

31. Financial instruments (continued)

h) Derivative instruments (continued)

Foreign currency forward exchange contracts

	Fair Value 2011 £'000	Fair Value 2010 £'000
Buy US dollars		
Less than 3 months	24	188
3 to 6 months	33	123
6 to 12 months	(22)	(97)
Over 12 months	(28)	-
	7	214
Buy Euros		
Less than 3 months	-	3
3 to 6 months	-	40
6 to 12 months	-	(72)
Over 12 months	-	(37)
	-	(66)

Foreign currency swaps and DCDs

Cash flow hedges	Fair Value 2011 £'000	Fair Value 2010 £'000
Buy US dollars		
Less than 3 months	-	(32)
Buy USD/sell Euros		
Less than 3 months	-	(430)
3 to 6 months	-	(92)
6 to 12 months	-	(179)
	-	(733)

Fuel swap contracts

	Fair Value 2011 £'000	Fair Value 2010 £'000
Buy Rotterdam barge +3 5%		
Less than 6 months	181	403
6 -12 months	38	109
Greater than 12 months	38	43
	257	555

Notes to the Consolidated Financial Statements
For the year ended 31 October 2011

31. **Financial instruments (continued)**

h) Derivative instruments (continued)

These fuel derivative financial instruments are required to be carried at fair value at each balance sheet date Fair value has been calculated using the closing value at the balance sheet date of the calendar year 2011 Rotterdam Barge +3 5% forward swap price and by discounting the future estimated cash flows based on the applicable yield curve derived from quoted interest rates This measurement relies on the estimate of the future fuel spot purchase price compared with the contract price Accordingly, while the Group mitigates fuel price risk through these instruments, it is exposed to fair value risk on the revaluation of the instruments This risk is shown in the section below on fuel derivatives sensitivity analysis These derivative financial instruments do not qualify for hedge accounting under IAS 39, and all gains and losses arising on the re-measurement of the instruments at each balance sheet date are reported in the income statement, which accordingly, is subject to volatility arising from the revaluation

i) Sensitivity analysis

Currency derivatives sensitivity analysis

As noted in the Chairman's Report and in section h) to this note, the Group does not generally use 'vanilla' forward contracts to manage its foreign exchange requirements Note 4 lists the main variables impacting the valuation of which spot and volatility are considered to be the most important Accordingly, and given the non-linear relationship between movements in spot and the overall valuation as well as the adverse correlation between movements in spot and volatility, it is difficult to provide definitive sensitivity figures however, as a rule, the closer spot moves to US$1 45, a one cent movement will have a US$0 1m impact on valuation whereas the closer spot moves to US$1 80, a one cent movement will have a US$1 0m impact on valuation

Fuel derivatives sensitivity analysis

The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 10% increase and decrease in calendar 2011 forward swap for Rotterdam barge +3 5% at the year end assuming that all other variables remain unchanged The sensitivity of 10% represents the Directors' assessment of a reasonably possible change A positive number below indicates an increase in profit and equity

	Income statement		Equity	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Rotterdam barge +3.5% price				
Strengthens by 10%	26	54	26	54
Weakens by 10%	(26)	(56)	(26)	(56)

Foreign currency sensitivity analysis

The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 10% increase and decrease in Sterling's exchange rate to Euro and US Dollar at the year end assuming that all other variables remain unchanged 10% represents the Directors' assessment of a reasonably possible change in the relevant exchange rates A positive number below indicates an increase in profit and equity

31. Financial Instruments (continued)

i) Sensitivity analysis (continued)

	Income statement		Equity	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Sterling strengthens by 10%				
Other	(229)	(2,070)	(245)	(2,098)
Sterling weakens by 10%				
Other	280	2,530	299	2,564

The Group publishes its consolidated financial statements in sterling and as a result, it is also subject to foreign currency exchange translation risk in respect of the translation of the results and underlying net assets of its non-Sterling functional currency entities into sterling Translation risk is not captured in the table above

32 Events after the balance sheet date

The 2011 interim dividend was paid on 13 November 2011

33. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note Transactions between the Group and other related parties are disclosed below

Trading transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the Group

	Purchase of services Years ended 31 October		Amounts owed to related parties At 31 October	
	2011	2010	2011	2010
	£	£	£	£
Roger Allard Limited	174,276	174,276	17,241	15,433
PB Consultancy Services Limited	43,547	39,616	4,202	-
Light Blue Travel Limited	7,639	2,631	-	-

Roger Allard Limited is a company owned and controlled by Mr R J Allard a director of the Company and majority shareholder of the Group and the payments made are for consultancy services

PB Consultancy services is owned and controlled by Mr P E Buckley the Company Secretary of the Group and the payments are for consultancy, accounting and Company Secretarial services

Light Blue Travel Limited is a company of which Mr R J Allard is a director and shareholder and the payments made are for travel services

Notes to the Consolidated Financial Statements
For the year ended 31 October 2011

33. Related party transactions (continued)

Remuneration of key management personnel

The remuneration of the Directors of the Company and subsidiary company directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures* Information about the remuneration of directors is provided in note 10

	2011 £'000	2010 £'000
Short-term employee benefits	1,855	1,849
Post employment benefits	94	90

34. Ultimate controlling party

By virtue of his majority shareholding, the ultimate controlling party of the Company is Mr R J Allard

Independent Auditor's Report on the Company Financial Statements to the members of All Leisure group plc

We have audited the parent company financial statements of All Leisure group plc for the year ended 31 October 2011 which comprise the Company Balance Sheet and the related notes a to j The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the parent company financial statements

- give a true and fair view of the state of the parent company's affairs as at 31 October 2011 and its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements

Independent Auditor's Report on the Company Financial Statements to the members of All Leisure group plc (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Graham C Pickett FCA
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

25 January 2012

Note The maintenance and integrity of All Leisure group plc's website is the responsibility of the Directors The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ in other jurisdictions

Company Balance Sheet
As at 31 October 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	c	275	275
Investments in subsidiary undertakings	d	16,048	50
		16,323	325
Current assets			
Debtors	e	1,104	19,252
		1,104	19,252
Creditors: Amounts falling due within one year	f	(204)	(267)
Net current assets		900	18,985
Total assets less current liabilities		17,223	19,310
Capital and reserves			
Called-up share capital	g, h	617	617
Share premium account	h	13,346	13,346
Revaluation reserve	h	210	210
Profit and loss account	h	3,050	5,137
Shareholders' funds	h	17,223	19,310

The financial statements of All Leisure group plc, registered number 01609517, were approved by the Board of directors and authorised for issue on 25 January 2012

Signed on behalf of the Board of Directors

N J Morris
Director

Notes to the Company Financial Statements
For the year ended 31 October 2011

a. Significant accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006 They have been prepared under the historical cost convention modified for the revaluation of an Investment property and in accordance with applicable United Kingdom Accounting Standards and law

The principal accounting policies are summarised below They have been applied consistently throughout the current and preceding year

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment

Investment properties

Investment properties are revalued every five years with an interim valuation every three years Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account Depreciation is not provided in respect of freehold investment properties The Directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19 *Accounting for investment properties* The financial effect of the departure from the statutory accounting rules cannot reasonably be quantified

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs

Share-based payment

The Group has applied the requirements of FRS 20, '*Share-based Payment*' to all grants of equity instruments During the year the Group made no equity-settled share-based payments to its executive directors

Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant The fair value determined at the grant date of the equity-settled share-based payments was expensed immediately as the options vested immediately on grant

Fair value is measured by use of the Black-Scholes pricing model The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations

Further details of these schemes are included in note 33 to the consolidated financial statements

Retirement benefit costs

The Company operates a defined contribution pension scheme The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Notes to the Company Financial Statements
For the year ended 31 October 2011

b. (Loss)/profit for the financial year

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the financial year The loss for the financial year dealt with in the financial statements of the Company amounted to £883,000 (2010 – profit £4,170,000)

The auditors' remuneration for audit and other services is disclosed in note 9 to the consolidated financial statements of All Leisure group plc

The Company had no employees other than the Directors Their emoluments are shown in note 10 to the consolidated financial statements of All Leisure group plc

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements disclose such fees on a consolidated basis

c. Tangible fixed assets

	Investment property £'000
Revalued amount	
At 31 October 2010 and October 2011	275

The Company owns the freehold on an investment property at 54 and 54a The Hundred, Romsey, Hampshire, SO51 8BX This property was valued on an open market existing use basis in May 2008 by Messrs Pearsons Commercial This property is not depreciated

The historic cost of this investment property is £65,000 (2010 £65,000)

d. Investments in subsidiary undertakings

	Loans to subsidiary undertakings £'000	Investment in subsidiary undertakings £'000	Total £'000
Cost			
At 1 November 2010	-	50	50
Reclassification	15,998	-	15,998
At 31 October 2011	15,998	50	16,048
Carrying amount			
At 31 October 2011	15,998	50	16,048
At 31 October 2010	-	50	50

The Company holds 100% of the issued share capital of the following companies directly and controls 100% of the voting rights

The loan to subsidiary undertakings is due from All Leisure Holidays Limited It has no set repayment terms, other than falling due in more than one year, has no interest terms and no security against it This reclassification has been to reflect the change in presentation in All Leisure Holidays Limited's financial statements which was made for regulatory purposes

Notes to the Company Financial Statements
For the year ended 31 October 2011

d. Investments in subsidiary undertakings (continued)

Company	Country of registration or incorporation	Principal activity	Shares held - Class	%
All Leisure Holidays Ltd	England and Wales	Tour Operator	Ordinary	100
Discovery Cruises Ltd	England and Wales	Dormant	Ordinary	100
Discovery Shipping Ltd	England and Wales	Excursion Operator	Ordinary	100
Cruise Line Direct Ltd	England and Wales	Dormant	Ordinary	100
Voyages of Discovery Ltd	England and Wales	Dormant	Ordinary	100
Atholl Shipping Corporation Ltd	Bahamas	Ship Operator	Ordinary	100
All Discovery Cruising Ltd	England and Wales	Dormant	Ordinary	100

Further to the above, All Leisure Holidays Limited owns 100% of the ordinary share capital of Discovery Cruising Limited and Worldwide Voyages of Discovery Limited

e. Debtors

	2011 £'000	2010 £'000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	1,092	19,245
Prepayments and accrued income	12	7
	1,104	19,252

f. Creditors

	2011 £'000	2010 £'000
Amounts falling due within one year:		
Other creditors	136	136
Accruals and deferred income	68	131
	204	267

g. Called-up share capital

	2011 £'000	2010 £'000
Issued and fully paid:		
61,744,777 (2010 – 61,744,777) ordinary shares of 1p each	617	617

The Company has one class of ordinary shares which carry no right to fixed income

Details of the share capital of the Company are shown in note 25 to the consolidated financial statements of All Leisure group plc

Notes to the Company Financial Statements
For the year ended 31 October 2011

h. Combined reconciliation of movements in shareholders' funds and statement of movement on reserves

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	2011 Total £'000	2010 Total £'000
At 1 November	617	13,346	210	5,137	19,310	16,264
(Loss)/profit for the financial year	-	-	-	(883)	(883)	4,170
Dividends paid (*)	-	-	-	(1,204)	(1,204)	(1,124)
At 31 October	617	13,346	210	3,050	17,223	19,310

The revaluation reserve represents the revaluation of the investment property held by the Company, as disclosed in note c

The amount included in the revaluation reserve for the upwards revaluation of the investment property is subject to taxation, in the event of the disposal by the Group of the related property, under the capital gains taxation regime Were the Company to dispose of its investment property, the estimated liability to capital gains tax is £54,000 (2010 £54,000)

(*) As disclosed in note 14 to the consolidated financial statements

i. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 8, *Related Party Disclosures*, not to present details of transactions with related parties on the basis that the consolidated accounts of which All Leisure group plc is the ultimate parent entity are presented with these Company financial statements Details of related party transactions are presented in note 33 to the consolidated financial statements of All Leisure group plc

j Ultimate controlling party

By virtue of his majority shareholding, the ultimate controlling party of the Company is Mr R J Allard