

**Company Registration No. 01609517**

**All Leisure group plc**

**Annual Report and Financial Statements**

**31 October 2012**

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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**

## **Company information and Advisers**

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## **All Leisure group plc**

### **Chairman's Statement**

The tragic events that occurred in Giglio, Italy in January 2012 allied to the euro-zone crisis and geo-political events throughout the world have all provided a challenging backdrop to the year. 2011/12 was a year that also saw trading adversely affected by persistent low interest rates, a weak pound, high oil prices and reduced discretionary customer spending. In spite of this, I am pleased to announce that the Group has delivered a modest profit for the year.

#### **Results**

Group revenue for the year increased from £80.4m to £127.4m, an increase of 58.5% overall. This reflects the acquisition of Page & Moy Travel Group on 15 May 2012. During the year, revenue from cruising decreased by 18.5% resulting from the decision to reduce capacity by undertaking an extensive upgrade programme for over half the winter period for mv Minerva and the late failure of a charter of mv Alexander von Humboldt.

Overall the Group reported a profit before tax of £0.8m (2011: £5.7m). The Cruise business reported a loss of £8.1m (2011: profit of £4.3m) largely as a result of the failure of a proposed charter of mv Alexander von Humboldt resulting in the ship being laid up for the year and mv Minerva being out of service for an extensive upgrade. This was offset by the strong post acquisition performance of the Tour Operator business that earned profits of £8.7m (2011: £0.2m) in the year. The remaining profit resulted from gains on derivative instruments of £1.7m (2011: £1.9m) that were partly offset by corporate costs, including Directors' remuneration and legal costs, of £1.4m (2011: £1.1m).

#### **Dividend Policy**

As outlined in our interim results statement on 27 July 2012, the Group is proposing not to pay dividends for the foreseeable future, as it will be concentrating on maximising profits and shareholder value in the medium to long term. We remain confident that shareholders will see a significant improvement in returns once we have achieved synergy benefits and the adverse economic, commodity and exchange rate environment finally abates.

#### **Strategy**

The Group's strategy, namely to achieve growth by exploiting the increasing demand for destination-led cruise holidays, and have greater control over its shipping assets, has evolved over the year. The acquisition of Page & Moy Travel Group has enabled the Group to provide an increasing choice of niche holiday products into the over-55's market, whilst at the same time reducing the proportionate level of committed risk within the Group. It has presented a significant opportunity to improve the operating efficiency of the Group, delivering significant improvement in performance through improved yield and a reduction of the cost base.

#### **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. The Board reviews Corporate Governance Policy in light of changes and implications to the Group. Please refer to the Group's Corporate Governance Statement for further details.

#### **Senior Management Changes**

As a result of the acquisition of Page & Moy Travel Group on 15 May 2012, there have been further changes to the senior management team in addition to those outlined in my announcement of 30 August 2012. Operations Director Tracey McKinnon, Sales Director Colin Wilson and Marketing Director Andrew Dufty were all appointed to the Board of All Leisure Holidays Limited, whilst Geoff Lawrence, Colin Stone, Mike Deegan, Gill Harvey and Sally Carrol left the Group. I would like to take this opportunity of thanking them for their service.

#### **Operational Review and Plans for 2013**

The outlook for the industry in general over the next 12 months remains challenging and we are actively managing the impact on trading by reducing committed capacity in the cruising division. As per my trading update of 26 November 2012, we are continuing to focus on the closer integration of our Tour Operating and Cruise businesses and have already successfully implemented a number of Group-wide cost and operational efficiencies.

Integration plans are well advanced and synergy benefits in excess of £1m for 2012/13 have already been identified. It is anticipated that one off costs of £1.5m will be incurred realising these synergies in the next financial year. The full year benefit of these synergies in 2013/14 is expected to deliver savings in excess of £1.5m.

## **All Leisure group plc**

### **Chairman's Statement (continued)**

#### **Cruising Division**

Swan Hellenic is operating mv Minerva in the Middle and Far East this winter. A significant upgrade during the winter period 2011/12, which included, but was not restricted to, adding 32 balconies to cabins, has benefited our yield potential.

At the end of August 2012 we announced mv Discovery, having completed an extensive dry dock in Genoa, would leave the Voyages of Discovery brand and enter a Joint Venture, between the All Leisure Holidays and Cruise & Maritime Voyages, with the first cruises scheduled to commence at the end of this month until November 2013, and recommencing next February for 257 days.

mv Voyager (formerly mv Alexander von Humboldt) entered service for the Voyages of Discovery brand in December 2012 and is currently circumnavigating South America. The vessel underwent a significant upgrade over the summer period, with the result that Voyages of Discovery now operate a four-star product. We are pleased to confirm that we have entered into a charter agreement with Allways of Belgium for mv Voyager for over 70 days in both 2013 and 2014.

mv Hebridean Princess has recently completed her annual dry dock and sea trials prior to recommencing operations early next month.

#### **Tour Operating**

Since the acquisition of Page & Moy Travel Group in May both the 'Travelsphere' and 'Just You' brands have performed exceptionally well. Their contribution to the Group's financial performance in 2012 was better than expected.

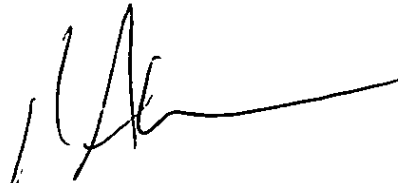
The ongoing political situation in Egypt continues to have an impact on 'Discover Egypt'. However, with the vast majority of this winter's committed flying sold, no ongoing flying commitment for the summer, or committed ground costs, the brand remains profitable.

#### **Outlook**

This year we have added strength and depth to our management team and with this high level of experience we are clearly focused on the priorities of addressing the challenges presented to our industry by the current economic climate and geo-political events. Furthermore the acquisition of Page & Moy Travel Group has given us the opportunity to offer a range of escorted tours that complement our existing cruise products to a combined active database of c881,000 households of similar demographic. It is our intention to ensure that the All Leisure Group is optimally structured to derive maximum benefit from our scale, to create a stronger business centred on our core operations with a view to delivering sustainable growth for the longer term.

Given the Group's current forward visibility of trading, combined with the benefits of new business and the cost reduction measures we are taking, the Directors have increased confidence for the future of the enlarged business.

My sincere thanks go to all staff across the Group, who remain committed in these challenging conditions.



**R J Allard**  
**Chairman**

## **All Leisure group plc**

### **Chief Executive's Report**

#### **Operating Review**

2011/12 has been a year of growth for the Group as a whole. The acquisition of the Page & Moy Travel Group added scale to the business. We now have three well-known brands in our Tour Operating Division, which complement the three well-established brands within our Cruising Division. This has already had a significant impact on the Group's financial position.

#### **Cruise**

##### **Voyages of Discovery**

Voyages of Discovery offers niche year-round, destination-led cruises on board mv Discovery (gross tonnage 20,216 tonnes). The ship has 356 cabins. For the financial year 2011/12 mv Discovery operated 365 cruise nights, a total of 240,240 Available Lower Berth Nights (ALBN's). The current economic climate, the unfortunate Costa Concordia incident, and difficult market conditions, as evidenced by aggressive discounting by competitors, led to a 10% decrease in occupancy and 17% decrease in cruise revenue on the previous year. To rectify the situation the decision was made to operate a smaller ship from Winter 12/13 that reduced cabin capacity.

During Winter 12/13 mv Discovery was taken out of service and entered dry dock. A sizeable sum is being spent on technical upgrade and refit before mv Discovery is chartered to Cruise & Maritime Voyages, who will operate the vessel in a joint venture with the Group as a value brand for a period of 242 days in 2013 and 257 days in 2014.

From Winter 12/13 Voyages of Discovery is operating the vessel formerly known as Alexander von Humboldt (gross tonnage of 15,271 tonnes).

For Summer 2012 mv Alexander von Humboldt was expected to be under charter to a third party operator. The charter failed to operate and this contributed significantly to the loss reported by the cruising division of the All Leisure Group in the 2011/12 financial year. As a result of the vessel being out of service during the year, the opportunity was taken for further technical upgrade and a planned £1.7 million hotel refurbishment (delivered within budget and on time).

The vessel entered service for Voyages of Discovery as its flagship in December 2012, successfully re-launched and renamed mv Voyager (270 cabins). At the start of the winter 2012, mv Voyager was in the exceptional position of being 82% sold for that season prior to her inaugural sailing. Currently revenues per diem for mv Voyager are forecast to be 20% higher than achieved 2011/12 on mv Discovery. This is driven by the increased number of outside and balcony cabins and less capacity.

##### **Swan Hellenic**

Swan Hellenic also offers niche year-round, destination-led cruises on a leased vessel mv Minerva (gross tonnage of 12,449 tonnes). A leader in small ship discovery cruising with the focus on history and culture, Swan Hellenic include a tailor-made shore excursion at every port on each cruise. The company also offers a limited summer programme of destination-led river cruises on Europe's major rivers on board river cruisers chartered from A-ROSA.

Over the winter 2011/12, mv Minerva was out of service for just over three months, whilst a substantial technical upgrade was carried out. During this time the ship also underwent an extensive upgrade to both public areas and the 197 cabins. 73% of the cabins are outside cabins and clever use of space increased the number of balcony cabins from 12 to 44. A new observation lounge added to Promenade Deck increases the on board facilities. Passenger response to the upgraded vessel has been extremely positive.

As a result of the upgrade the cruise nights for the financial year 2011/12 decreased from 365 to 266 and the ALBNs decreased by 36%. This resulted in a 24% decrease in cruise revenue on the previous year, albeit the achieved fare per diem increased by 11%.

##### **Hebridean Island Cruises**

mv Hebridean Princess is a 5-star vessel (gross tonnage of 2,112 tonnes) with 30 cabins offering a maximum of 50 lower berths. The ship operates between March and November offering cruises around Scotland and the Scottish Islands. She also sails to other countries in the British Isles and re-visited Southern Ireland for the first time in recent years. As a result of difficult market conditions the achieved fare per diem decreased by 5.4% in the financial year 2011/12, although this is expected to increase in 2012/13.

## **All Leisure group plc**

### **Chief Executive's Report (continued)**

#### **Operating review (continued)**

##### **Hebridean Island Cruises (continued)**

Strategically extending the season increased the number of ALBNs by 2.25% to generate additional contribution to the cruise revenue. mv Hebridean Princess has recently completed her annual winter dry dock. In Summer 2012 Hebridean Island Cruises successfully introduced a limited programme of four European river cruises aboard the 5-star Royal Crown. This will increase to five in 2013.

##### **Operations**

The delivery of services on board mv Discovery, mv Minerva and mv Voyager (formerly mv Alexander von Humboldt) is mainly outsourced. This is consistent with the Board's policy. It is however 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. We use V Ships to employ the deck and engine crew, who are responsible for the ships' maintenance, mechanical operations, and health and safety. We use Sea Chefs to employ the hotel, catering and spa staff. We also use Harding Brothers, who are responsible for the operation of the on board shop. On behalf of All Leisure Holidays Limited, Celtic Marine (Guernsey) Limited employs 13 key staff on board mv Discovery, 6 key staff on board mv Minerva and up to 37 on mv Hebridean Princess including the Captains and Chief Engineers. On mv Hebridean Princess we use also Andrew Weir Shipping and Viking Recruitment, who provide the ship and crew management respectively.

##### **Tour Operating**

##### **Travelsphere**

Since the acquisition of the Page & Moy Travel Group, Travelsphere carried 24,585 passengers in the 2011/12 financial year. Travelsphere is a tour operator specialising in fully escorted holidays for couples in the more mature market. Their comprehensive fly-tour programme encompasses destinations worldwide and Travelsphere is currently one of the UK's leading tour operators to China. An extensive customer survey has helped re-shape the brand, which was re-launched in September 2012. Travelsphere is now firmly re-established as a 3-star/4-star brand offering value for money holidays. Tours are designed to include, and go beyond, the iconic sights giving an experience of local culture. Travelsphere is well-known for its knowledgeable Tour Managers, experts and local guides, and enjoys exceptional customer loyalty. The brand also offers a limited chartered river-cruise programme. Travelsphere operates a low-risk business model and has no forward financial commitment for hotel costs, transportation costs, or aviation capacity for Summer 2013.

##### **Just You**

Since the acquisition of the Page & Moy Travel Group, Just You carried 8,624 passengers in the 2011/12 financial year. Just You is a tour operator specialising in fully escorted holidays for mature passengers travelling on their own. They offer a worldwide fly-tour programme and a number of European tours by rail. City breaks and all-inclusive holidays are also part of the programme. The holidays are designed to recognise the needs of customers travelling on their own and each holiday includes sole occupancy rooms at no single supplement, welcome and farewell drinks, a number of meals and some excursions. Experienced Tour Managers, chosen for their knowledge and approachability, accompany all holidays with the group size averaging between 20 and 30 people. The brand also offers a limited river-cruise programme. Just You operates a low-risk model and has no forward financial commitment for hotel costs, transportation costs, or aviation capacity for Summer 2013.

The new financial year for both brands shows that customers carried in Winter 2012/13, as well as sales for 2013, are in line with expectations.

##### **Page & Moy**

During the 2012 season, The Page & Moy Travel Group traded under a third brand, namely Page & Moy. The brand was the Group's second couples brand within the Page & Moy Travel Group. Prior to the acquisition, and after extensive market research, the decision was taken to phase-out the Page & Moy brand and from September 2012 the Travelsphere and Page & Moy collection of holidays have been marketed under the Travelsphere brand. To date the number of passengers converting from Page & Moy to Travelsphere is in line with company expectations. The brand carried 8,613 passengers during the 2011/12 financial year in the post-acquisition period.

## **All Leisure group plc**

### **Chief Executive's Report (continued)**

#### **Operating review (continued)**

##### **Discover Egypt**

Continuing to diversify away from their traditional one week Nile Cruises, Discover Egypt is seeing an upward trend towards their bespoke two-centre holidays, which carry a higher margin. Despite the ongoing unrest and change of government in Egypt, Discover Egypt carried a higher number of passengers, albeit at a lower margin with a 4% decrease in revenue year on year.

As in the past, we have no financial commitment on the ground and neither have we contracted any aviation capacity for Summer 2013.

In light of the ongoing political situation in Egypt, we are satisfied with current trading.

##### **Outlook**

Geo-political events and the wider economic outlook look likely to remain uncertain, but by planning accordingly we have demonstrated we can succeed against this backdrop. Through the acquisition of the Page & Moy Travel Group, the All Leisure Group has significantly increased the size and scale of its Tour Operating division. This new enlarged division, with its established portfolio of products, has performed particularly strongly in 2012. Following a detailed strategic review of the Page and Moy Travel Group brands and product portfolio prior to its acquisition, a number of underperforming products and business lines have been discontinued for 2013. Ceasing to operate the ex UK coaching holidays and components of the Christmas programme was part of this strategy, along with the decision to phase out the Page & Moy brand and incorporate the profitable components of the business into Travelsphere's portfolio of tours. The Group then re-launched the Travelsphere brand as a value for money, yet quality product. The end of year results show this has been very successful and going forwards the flexible business model of our Tour Operating Division allows us to align our capacity to fluctuating demand. Across the cruising division we have also taken the strategic decision to reduce our committed capacity. A two-year rolling short-term charter of mv Voyager to Allways, and third party charter of mv Discovery in a Joint Venture with Cruise & Maritime Voyages trading as 'Discovery Sailaway' has allowed us to achieve this. It is still early in the booking cycle for Summer 2013 and Winter 2013 - 2014, however trading to date across all brands has been encouraging. Across the business there is a resolute drive for improvement and a momentum for change, and it is now our intention to focus on integration and synergy delivery. The demand for high quality, attractive holiday products that offer value for money remains, and we are confident that the actions we are taking will strengthen our business and its prospects for long-term growth.



I Smith  
Chief Executive



## All Leisure group plc

### Finance Director's Report

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

	<b>FY2012</b>	<b>FY2011</b>
<b>Revenues (£m)</b>	127.4	80.4
<b>Profit before tax for the financial year (£m)</b>	0.8	5.7
<b>Underlying profit before tax for the financial year (£m)</b>	2.5	3.1
<b>Operating (loss) / profit before gains on certain derivative contracts (£m)</b>	(0.8)	3.4
<b>Underlying operating profit before gains on certain derivative financial instruments (£m)</b>	0.9	0.8
<b>Net assets (£m)</b>	31.8	32.5
<b>Cash generated / (used) by operating activities (£m)</b>	0.4	(0.7)
<b>Capital expenditure (£m)</b>	4.5	9.3
<b>Dividends paid (£m)</b>	0.6	1.2
<b>Total assets (£m)</b>	110.1	61.3
<b>Basic profit per share (pence)</b>	0.8	9.2

#### Other operating data

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

	<b>FY2012</b>	<b>FY2011</b>
<b>Passenger nights (i)</b>	277,854	324,787
<b>Available lower berth nights ("ALBNs")</b>	357,670	391,390
<b>Occupancy (%)</b>	78%	83%
<b>Passengers carried - cruise (ii)</b>	21,524	27,628
<b>Passengers carried - tour operations</b>	47,679	4,688
<b>Fuel consumption (metric tonnes) (iii)</b>	15,723	21,458
<b>Fuel cost per metric tonne £ (iii)</b>	430	437
<b>Ships – owned</b>	3	3
<b>Ships – leased</b>	1	1

## All Leisure group plc

### Finance Director's Report (continued)

#### Notes

- (i) Calculated as the total passengers carried multiplied by the total number of revenue sailing days. Excludes tour operations passengers and passengers carried on mv Alexander von Humboldt charters for 2011
- (ii) Excludes passengers carried on the mv Alexander von Humboldt charters for 2011
- (iii) Excludes mv Alexander von Humboldt and unrealised gains and losses on fuel hedges

#### Financial Performance

Group revenue for the year increased to £127.4m, an increase of £47m on the previous year. The acquired Page & Moy Travel Group contributed £60.9m of additional revenue to the Group. During the year, revenue from cruising decreased by 18.5% resulting from the decision to reduce capacity by undertaking an extensive upgrade programme for mv Minerva, and the late failure of a charter of mv Alexander von Humboldt.

Overall the Group has delivered a profit before tax for the financial year of £0.8m compared to a profit before tax of £5.7m for the year ended 31 October 2011. This is despite the challenges facing the travel industry as a whole. This result includes a number of one off and other separately disclosable items. These items have been separately categorised in the Group's income statement and in note 7 to the accounts. The underlying profit for the Group excluding these items was £2.5m compared to a profit of £3.1m in the previous year. The underlying result before gains on certain derivative contracts has improved year on year from £0.8m to £0.9m.

These headline results should not detract from a difficult year for the cruise business as evidenced in note 6 to the accounts where it can be seen that the cruising division reported an underlying loss from operations of £(6.9)m compared to an underlying profit of £1.7m in 2011. As stated above, this was largely due to the late failure of a charter for mv Alexander von Humboldt and the upgrade programme for mv Minerva that led to a reduction in the group's year on year passenger nights as evidenced in the KPI's above. The Chairman's and CEO's outlooks for 2013 have already highlighted that, going forward mv Alexander von Humboldt having been renamed mv Voyager will be deployed in the Voyages of Discovery programme.

#### Acquisition of Page & Moy Travel Group

On 15<sup>th</sup> May 2012 the Group acquired Page & Moy Travel Group for a gross consideration of £4.2m, the equivalent of £3.3m net of deductions. The goodwill of £9.5m arising from the acquisition reflects the anticipated benefits of synergies, revenue growth, future market development and the assembled workforce of the business. The business performed strongly during the year generating profit before tax of £8.9m in the post acquisition period. Further details of the acquisition are provided in note 30 to the accounts.

#### 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 FY2012 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 36). 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 and loss.

As at the balance sheet date of 31 October 2012, the net mark-to-market valuation of these derivative positions was a liability of £0.6m, compared with £1.0m as at 31 October 2011. 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 36 concerning risks associated with these derivatives.

## **All Leisure group plc**

### **Finance Director's Report (continued)**

#### **Capital Expenditure**

The Group has invested heavily in its fleet. Over the winter, mv Hebridean Princess underwent an annual routine dry dock and mv Minerva had an extensive upgrade. Over the summer mv Alexander von Humboldt underwent a technical upgrade and a major hotel refurbishment prior to entering service as mv Voyager.

In total, capital expenditure for the year ended 31 October 2012 totaled £5.4m, demonstrating management's ongoing commitment to investing in the Group's product.

Looking forward, mv Discovery is undergoing a technical upgrade in dry dock this winter. From February 2013 the ship will be on charter to Cruise & Maritime Voyages in a joint venture with the Group to be marketed as the Discovery Sailaway brand. mv Hebridean Princess is undergoing another routine annual dry dock over the winter.

#### **Cash Flows**

Net cash flows from operating activities have increased by £1.1m compared to 2011 resulting in a net cash inflow of £0.4m for the year ended 31 October 2012.

Total cash and balances at bank at the year-end amounted to £23.8m (2011: £7.2m), of which £18.2m (2011: £6.7m) is classified as cash and cash equivalents and £5.6m (2011: £0.5m) classified as restricted cash. The Group has immediate access to all of these balances, other than the amounts reported as restricted cash. Customer deposits at 31 October 2012 amounted to £30.2m (2011: £13.4m). At 31<sup>st</sup> October 2012 the Group had borrowings of £5.8m (2011: £nil).

Of significance to the cash flow were capital expenditure, which included additions paid for in the year of £4.5m, net cash acquired from the acquisition of Page & Moy Travel Group of £5.9m and draw down of borrowings of £5.8m.

#### **Going Concern**

The Group ended the year with net assets of £31.8m (2011: £32.5m), net current liabilities of £28.4m (2011: £13.4m) and total cash of £23.8m (2011: £7.2m). In addition, the Group had borrowings of £5.8m (2011: £nil).

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 36. The capital risk management policy of the Group is set out in note 29.

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 2014 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.



C J Gadsby  
Group Finance Director

## **All Leisure group plc Directors and Officers**

### **Roger Allard (58) 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.

### **Ian Smith (62) Chief Executive Officer**

Throughout the 1990's Ian led Lunn Poly as Managing Director for the ten year period of their dominance of the retail travel sector. At the same time he sat as Executive Director on the Group Board of Thomson Travel, which was the holding company that controlled Lunn Poly, Britannia Airways, Holiday Cottages and Thomson Holidays. Since 2001 he held a variety of positions ranging from Chairman of Sun Villas Florida Direct, Chairman Et-China.com {Southern China's largest tour operator based in Guangzhou in China} and more recently Executive Chairman of the Education Travel Group where he still performs the role of a Non-Executive Director. In April 2011, at the annual Agent Achievement Awards ceremony in London {the UK's leading travel agent national awards programme} Ian received an "Outstanding Contribution Award" for his service to retail travel.

### **Chris Gadsby (53) Group Finance Director**

Chris joined the Page & Moy Travel Group in July 2011, bringing with him 25 years' experience of working at the highest levels of finance with Thomas Cook. From 2000 onwards, he progressed from Financial Controller to Director of Finance and ended his time with the company as Chief Financial Officer, positioned at the forefront of all key strategic initiatives that transformed the business in recent years. He was a member of the team that took Thomas Cook to PLC status in 2007, a move which redefined the travel industry. Chris is a member of the Chartered Institute of Management Accountants.

### **Rob Bryant (57) Cruise Fleet Director**

Rob assumed the role of Cruise Fleet Director in August 2012 having previously been Chief Executive and 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 (37) Chief Operating Officer**

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 (60) 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 (70) 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 Board of Directors ("the Board") acknowledge the importance of the principles set out in the UK Corporate Governance Code ("the Code") which came into effect 29 June 2010. Although the Code is not compulsory for AIM traded companies, the Board has applied its principles as far as practicable for a Company of its size in this report.

#### **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 12 times a year and in FY11/12 met a total of 14 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 2012, the Board comprised five executive directors and two non-executive directors, one of whom is considered independent. The Board consisted of the Executive Chairman, four 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 11 April 2012, Rob Bryant and Philip Ovenden 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 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. These ceased in October 2007 and because the UK Corporate Governance Code requires a minimum period of five years to elapse from cessation of executive appointment, he is now 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. Ian Smith is the Chief Executive Officer and is responsible for co-ordination of the Group's business activities. Chris Gadsby as Group Finance Director is responsible for the production of both management and statutory accounts. Neil Morris has assumed the role of Chief Operating Officer and Rob Bryant has assumed the role of Fleet Director.

At the forthcoming Annual General Meeting, Roger Allard and Nigel Jenkins 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. Ian Smith and Chris Gadsby will seek to have their appointment as directors confirmed at this same meeting.

## 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 are made 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 (2012/13):** Nigel Jenkins (Chair), Philip Ovenden

**Remuneration Committee (2011/12):** Nigel Jenkins (Chair), Philip Ovenden

**Audit Committee (2012/13):** Philip Ovenden (Chair), Nigel Jenkins

**Audit Committee (2011/12):** Philip Ovenden (Chair), Nigel Jenkins

#### Meeting attendance

The Board met 14 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)	14 (14)	#	+
Rob Bryant	1 (1)	13 (14)	#	+
Neil Morris	1 (1)	14 (14)	#	N/A
Nigel Jenkins	0 (1)	14 (14)	2 (2)	1 (1)
Philip Ovenden	1 (1)	13 (14)	2 (2)	1 (1)
Ian Smith	N/A	2 (2)	N/A	N/A
Chris Gadsby	N/A	2 (2)	N/A	N/A

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 two independent directors. 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 2012, 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 £202,000 (2011: £21,000) 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 2012 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 2012

### 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 Page and Moy Travel Group and 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	<ul style="list-style-type: none"> <li>The Group is competing for a share of disposable income of its target customers, making revenue vulnerable to the impact of an economic downturn</li> </ul>	<ul style="list-style-type: none"> <li>The Group invests in brand awareness and pays significant attention to customer feedback in order to maximise brand loyalty</li> </ul>
	<ul style="list-style-type: none"> <li>Volatility in markets such as currency and fuel can undermine budgets</li> </ul>	<ul style="list-style-type: none"> <li>The Group continues to maintain its currency and fuel hedging policies as part of its financial planning</li> </ul>
Geopolitics	<ul style="list-style-type: none"> <li>The Group is at risk of geo-political events or natural disasters affecting our business</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>
Competition	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>



# All Leisure group plc

## Directors' Report (continued)

### Business review (continued)

### Principal risks and uncertainties (continued)

Area	Description of risk	Examples of mitigating activities
Regulation	<ul style="list-style-type: none"> <li>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</li> <li>The Group must satisfy Civil Aviation Authority ("CAA") and Association of British Travel Agents ("ABTA") licensing conditions for airlines and package holidays Failure to fulfil CAA and ABTA licensing conditions could result in substantial fines and reputational damage and, in the very worst case, an inability to trade due to loss of licence</li> </ul>	<ul style="list-style-type: none"> <li>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</li> <li>The Group manages cash levels carefully in order to meet any unexpected operational expenditure that may arise</li> <li>The Group continually reviews the operating assets to plan any replacements and the timing of replacement</li> <li>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</li> <li>The Group actively ensures regulations are adhered to through the tracking of key licensing parameters on a periodic basis throughout the course of the year and as part of the annual budget process</li> </ul>
Operational	<ul style="list-style-type: none"> <li>The Group's ships carry a risk of operational failure and/or causing environmental damage thus impacting revenues and/or costs</li> <li>The Group outsources a significant element of its cruise 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</li> <li>The tour operating division of the business is reliant on the delivery of acceptable standards of service by overseas suppliers A failure by these hoteliers, coach companies and other ancillary service providers to maintain expected high standards of quality could result in business disruption, reputational damage and loss of profits through customer compensation claims</li> </ul>	<ul style="list-style-type: none"> <li>All ships operated by the Group are maintained according to the required maritime standards, including two dry dock inspections every five years</li> <li>The Executive Directors meet regularly with the Group's key suppliers in order to maintain good working relationships</li> <li>Service level agreements are entered into with suppliers and overseas inspection visits are undertaken These inspection visits include quality control and health and safety assessments The Group also conducts thorough post-departure customer satisfaction reviews, the results of which are considered on a supplier by supplier basis during the following year's supplier contracting process</li> </ul>

## All Leisure group plc

### Directors' Report (continued)

#### Business review (continued)

#### Principal risks and uncertainties (continued)

	<ul style="list-style-type: none"> <li>• The Group is dependent on information technology systems, the failure of which would impact its ability to process sales</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in technology ensures that system reliability is optimised and procedures are in place to minimise the time that any selling system is inoperable</li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>• A significant proportion of the Group's cost base remains constant notwithstanding changes to the level of revenues</li> <li>• The Group has significant dollar and euro denominated operating costs that are matched with significant sterling denominated revenues</li> <li>• The Group has significant cash balances and is therefore exposed to interest rate risk</li> </ul>	<ul style="list-style-type: none"> <li>• Key performance indicators are closely monitored to ensure that yields are optimised</li> <li>• 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</li> <li>• The Group holds significant cash balances on fixed rate deposits</li> </ul>

# 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 36 to the consolidated financial statements

### Post balance sheet events

Details of significant events since the balance sheet date are contained in note 37 to the consolidated financial statements

### Results and dividends

The profit after taxation for the year ended 31 October 2012 amounted to £0.5m (2011 profit of £5.7m). The Directors do not propose to pay a final dividend (2011 1.31p) subject to approval at the forthcoming Annual General Meeting. No interim dividend was paid in the year (2011 0.64p).

As trading has been considerably more challenging this year than envisaged, the Board unanimously agreed to waive the proposed dividend for the year ended 31 October 2011 in relation to shareholdings held by the board (74.01% of the issued share capital), but voted to pay a final dividend of 1.31p per share to all other shareholders.

### Capital structure

Details of the authorised and issued share capital are shown in note 29. 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 2013, 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
Slater Investments	4.09%	2,525,742	Investment
R Bryant	3.73%	2,304,593	Investment
Hansa Capital Partners	3.59%	2,216,700	Investment
Argos Investment Managers SA	3.07%	1,897,500	Investment

Shareholders' authority for the purchase by the Company of 10% of its own shares existed as at 31 October 2012. 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. These options expired 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) were 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 34 to the consolidated financial statements. These options were valid for five years and expired on 1 December 2012.

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, unless otherwise stated, and to the date of this report, were as follows:

R J Allard	Executive Chairman
R D Bryant #	Cruise Fleet Director
C J Gadsby	Finance Director (appointed 28 August 2012)
N J Morris*	Chief Operating Officer
N J Jenkins	Non-executive Director, Chairman of Remuneration Committee
P S Ovenden	Non-executive Director, Chairman of Audit Committee
I Smith	Chief Executive (appointed 28 August 2012)

Roger Allard and Nigel Jenkins retire by rotation at the next annual general meeting and, being eligible, offer themselves for re-election.

# On 28 August 2012 Rob Bryant was appointed as the Cruise Fleet Director for the Group. He was previously the Chief Executive.

\* On 28 August 2012 Neil Morris was appointed as the Chief Operating Officer of the Group. He was previously the Finance Director.

## All Leisure group plc

### Directors' Report (continued)

#### Directors' interests

The Directors who held office at 31 October 2012 had the following interests in the 1p ordinary shares of the Company

Name of director	31 October 2012		31 October 2011	
	No.	%	No.	%
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
C Gadsby	-	-	-	-
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
I Smith	-	-	-	-

Between 31 October 2012 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 2012 were equivalent to 53 (2011: 40) 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 2012 and Compass House was revalued in November 2011. See note 18 for further details.

#### Charitable and political contributions

During the year the Group made charitable donations of £1,026 (2011: £442). No political donations were made during the year (2011: £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.

## **All Leisure group plc**

### **Directors' Report (continued)**

#### **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**

18 February 2013

## All Leisure group plc

### 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 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, and the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, and the related notes 1 to 39. 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 2012 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)**

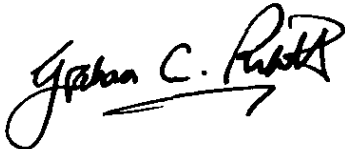
### **Matters on which we are required to report by exception**

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 2012



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

18 February 2013

**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 2012

	Note	Year ended 31 October 2012			Year ended 31 October 2011		
		Underlying results	Separately disclosed items (note 7)	Total	Underlying results	Separately disclosed items (note 7)	Total
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Revenue</b>							
Cruising		61,044	-	61,044	74,910	-	74,910
Tour operating		66,349	-	66,349	5,451	-	5,451
<b>Total revenue</b>	5, 6	127,393		127,393	80,361	-	80,361
<b>Costs, expenses and other income</b>							
Operating							
Cruising		(50,709)	(1,210)	(51,919)	(56,944)	(750)	(57,694)
Tour operating		(49,178)	-	(49,178)	(3,996)	-	(3,996)
<b>Total operating</b>		(99,887)	(1,210)	(101,097)	(60,940)	(750)	(61,690)
Selling and administrative		(21,632)	(581)	(22,213)	(13,943)	(118)	(14,061)
Depreciation	9, 18 - 19	(4,426)	-	(4,426)	(4,161)	-	(4,161)
Amortisation	17	(565)	(385)	(950)	(549)	-	(549)
Other income	8	-	475	475	-	3,465	3,465
Rental income	5	16	-	16	16	-	16
<b>Operating profit/(loss) before gains on certain derivative contracts</b>		899	(1,701)	(802)	784	2,597	3,381
Gains on certain derivative contracts	6	1,671	-	1,671	1,942	-	1,942
<b>Operating profit/(loss)</b>	6, 9	2,570	(1,701)	869	2,726	2,597	5,323
Investment revenue	5, 12	131	-	131	341	-	341
Finance costs	13	(197)	-	(197)	-	-	-
<b>Profit/(loss) before tax</b>		2,504	(1,701)	803	3,067	2,597	5,664
Tax (charge)/credit	14	(384)	80	(304)	19	-	19
<b>Profit/(loss) for the financial year</b>	6	2,120	(1,621)	499	3,086	2,597	5,683
<b>Profit per share (pence)</b>							
Basic	16			0.8p			9.2p
Diluted	16			0.8p			9.2p

All results are derived from continuing operations

All results are attributable to equity holders of the parent Company

## All Leisure group plc

### Consolidated Statement of Comprehensive Income For the year ended 31 October 2012

	Note	2012 £'000 Total	2011 £'000 Total
Profit for the financial year		499	5,683
Exchange differences on translation of subsidiary entities		-	7
Actuarial losses on defined benefit pension schemes	35	(820)	-
Deferred tax on actuarial loss	25	188	-
<b>Total comprehensive (loss)/income for the financial year</b>		<b>(133)</b>	<b>5,690</b>

## All Leisure group plc

### Consolidated Statement of Changes in Equity At 31 October 2012

	Note	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Currency translation reserve £'000	Retained earnings £'000	Total £'000
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	15	-	-	-	-	(1,204)	(1,204)
At 31 October 2011		617	13,346	47	12	18,494	32,516
At 1 November 2011		617	13,346	47	12	18,494	32,516
Profit for the financial year		-	-	-	-	499	499
Actuarial losses on defined benefit pension schemes	35	-	-	-	-	(820)	(820)
Deferred tax on actuarial loss	25	-	-	-	-	188	188
Total comprehensive loss for the financial year		-	-	-	-	(133)	(133)
Dividends paid	15	-	-	-	-	(605)	(605)
At 31 October 2012		617	13,346	47	12	17,756	31,778

**Revaluation reserve** Hamptons International, an external valuer, carried out a valuation in the year of Discovery Mews, Copthorne, Surrey which confirmed the property value at open market value with vacant possession as at 31 October 2012 remaining at £400,000

**Currency translation reserve:** At 31 October 2012 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

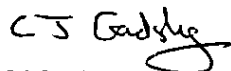
# All Leisure group plc

## Consolidated Balance Sheet At 31 October 2012

	Note	2012 £'000	2011 £'000
<b>Non-current assets</b>			
Intangible assets	17	22 452	5 268
Property ships plant and equipment	18	44,725	40 447
Investment property	19	-	262
Trade and other receivables	22	3,840	-
Deferred tax asset	25	2,318	-
		<u>73,335</u>	<u>45,977</u>
<b>Current assets</b>			
Inventories	21	1,629	1,545
Trade and other receivables	22	10,822	6 368
Derivative financial instruments	24	247	257
Assets held for sale	28	250	-
Restricted bank balances	22	5,566	464
Cash and cash equivalents	22	18,242	6,735
		<u>23,808</u>	<u>7,199</u>
Total current bank balances and cash in hand		<u>36,756</u>	<u>15 369</u>
<b>Total assets</b>		<u>110,091</u>	<u>61 346</u>
<b>Current liabilities</b>			
Trade and other payables	26	(63 561)	(25,253)
Current tax liabilities		(11)	(7)
Borrowings	23	(580)	-
Provisions	27	(219)	(2,217)
Derivative financial instruments	24	(827)	(1,299)
		<u>(65,198)</u>	<u>(28 776)</u>
<b>Non-current liabilities</b>			
Borrowings	23	(5,202)	-
Deferred tax liabilities	25	(2 741)	(54)
Retirement benefit obligations	35	(3,807)	-
Long term provisions	27	(1,365)	-
		<u>(13,115)</u>	<u>(54)</u>
<b>Total liabilities</b>		<u>(78,313)</u>	<u>(28 830)</u>
<b>Net assets</b>		<u>31,778</u>	<u>32 516</u>
<b>Equity</b>			
Share capital	29	617	617
Share premium account		13 346	13,346
Revaluation reserve		47	47
Currency translation reserve		12	12
Retained earnings		17,756	18,494
<b>Total equity</b>		<u>31,778</u>	<u>32,516</u>

The financial statements of All Leisure group plc, registered number 01609517, were approved by the Board of directors and authorised for issue on 18 February 2013

They were signed on its behalf by



C J Gadsby  
Director

## All Leisure group plc

### Consolidated Cash Flow Statement For the year ended 31 October 2012

	Note	2012 £'000	2011 £'000
Net cash inflow/(outflow) from operating activities	31	397	(662)
<b>Investing activities</b>			
Interest received		131	341
Rental income		16	16
Purchases of property, plant and equipment		(4,542)	(9,331)
Purchase of subsidiaries (net of cash acquired)	30	5,872	-
Movement in short-term interest bearing cash deposits		-	5,573
Movement in restricted cash held on deposit		2,899	2,569
Net cash generated/(used) from investing activities		4,376	(832)
<b>Financing activities</b>			
Dividends paid	15	(605)	(1,204)
Draw down of borrowings		5,782	-
Net cash generated/(used) in financing activities		5,177	(1,204)
Net increase/(decrease) in cash and cash equivalents		9,950	(2,698)
Cash and cash equivalents at the start of the year		6,735	9,510
Effect of foreign exchange rate changes		1,557	(77)
Cash and cash equivalents at the end of the year	22	18,242	6,735

# All Leisure group plc

## Notes to the Consolidated Financial Statements

### For the year ended 31 October 2012

#### 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

##### Impact of new standards and interpretations

The following standards and interpretations issued by the International Accounting Standards Board have been implemented for the year ended 31 October 2012.

IAS 24	Amended 2009	Revised definition of Related Parties
IFRS 1	Amended 2010	First-time Adoption of IFRS (Hyperinflation and Removal of Fixed Dates for First-time Adopters)
IFRS 7	Amended 2010	Financial Instruments Disclosures

The adoption of these standards and interpretations has not led to any changes in accounting policies.

##### New standards and interpretations not applied

The following standards and interpretations issued by the International Accounting Standards Board have not been applied in preparing these accounts as their effective dates fall in periods beginning after 1 November 2012.

##### *Amendments to standards*

IAS 1	Amended 2011 and 2012	Presentation of Items of Other Comprehensive Income
IAS 12	Amended 2010	Deferred Tax (Recovery of Underlying Assets)
IAS 19	Amended 2011	Employee Benefits
IAS 32	Amended 2011 and 2012	Financial Instruments Presentation (Offsetting Financial Assets and Financial Liabilities)
IFRS 9	Issued 2009 and amended 2010	Financial Instruments

# All Leisure group plc

## Notes to the Consolidated Financial Statements

### For the year ended 31 October 2012

#### 2 Adoption of new and revised Standards (continued)

##### *New and revised standards*

IAS 27	Amended 2011	Separate Financial Statements
IAS 28	Amended 2011	Investments in Associates and Joint Ventures
IFRS 10	Issued 2011 and amended 2012	Consolidated Financial Statements
IFRS 11	Issued 2011 and amended 2012	Joint arrangements
IFRS 12	Issued 2011 and amended 2012	Disclosure of Interests in Other Entities
IFRS 13	Issued 2011	Fair Value Measurement

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements, with the possible exception of the adoption of IFRS 11 Joint Arrangements in the year end 31 October 2014. The directors will evaluate the impact of this standard over the coming year. Certain of these standards and interpretations will, when adopted, require addition to or amendment of disclosures in 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.

The principal accounting policies adopted are set out below. These policies have been applied consistently unless otherwise stated.

##### **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.



# All Leisure group plc

## Notes to the Consolidated Financial Statements

### For the year ended 31 October 2012

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

##### Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each 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. Acquisition-related costs are recognised in profit or loss as incurred.

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 that deferred tax assets and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee benefits* respectively.

##### Intangible Assets - Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's net assets exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

##### Intangible assets - Other

Intangible assets other than goodwill with a finite useful life are carried at cost less amortisation and any impairment losses. Intangible assets with indefinite useful lives are not amortised. For all other intangibles, amortisation is charged on a straight-line basis over the asset's useful life, as follows:

Customer relationships	5% - 10%
Trademarks	2% - 4%
Computer software	25%

##### 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 are recognised in income for each day of the cruise as it progresses. Shore excursion revenue is recognised on the date of the excursion.

Tour operating revenues including excursions, insurance revenue and other services supplied to customers in the ordinary course of business, are taken to the income statement on holiday departure.

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.

**All Leisure group plc**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 31 October 2012**

**3 Significant accounting policies (continued)**

**Revenue recognition (continued)**

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. 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.

Other revenue and associated expenses are taken to the income statement as earned or incurred.

Revenue and expenses exclude intra-group transactions.

**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 pound 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.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# All Leisure group plc

## Notes to the Consolidated Financial Statements

### For the year ended 31 October 2012

#### 3 Significant accounting policies (continued)

##### Property, ships, plant and equipment

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. The freehold property owned by All Leisure Holidays Ltd was revalued in October 2012 and the freehold property owned by Page & Moy Travel Group Air Holidays Ltd was fair valued at entry into the Group on 15 May 2012.

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.

Freehold land is not depreciated.

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

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 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
Motor vehicles	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. There has been no material impact of any adjustments in the year. Further details regarding the residual values of the cruise ships are 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.

An item of property, ships and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, ships and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

##### 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.

# **All Leisure group plc**

## **Notes to the Consolidated Financial Statements**

### **For the year ended 31 October 2012**

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

##### **Investment property (continued)**

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

##### **Non-current assets held for sale**

The Group classifies non-current assets held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. To be classified as held for sale, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets, and their sale must be highly probable. Sale is considered to be highly probable when management is committed to a plan to sell the assets and an active programme to locate a buyer and complete the plan has been initiated at a price that is reasonable in relation to their current fair value, and there is an expectation that the sale will be completed within one year from the date of classification.

Non-current assets classified as held for sale are carried on the Group's balance sheet at the lower of their carrying amount and fair value less costs to sell.

##### **Impairment of tangible and intangible assets**

At the end of each reporting period, 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.

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.

# All Leisure group plc

## Notes to the Consolidated Financial Statements

### For the year ended 31 October 2012

#### 3 Significant accounting policies (continued)

##### 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.

##### 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.

# **All Leisure group plc**

## **Notes to the Consolidated Financial Statements**

### **For the year ended 31 October 2012**

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

##### **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.

##### **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 (FVTPL), 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.

# **All Leisure group plc**

## **Notes to the Consolidated Financial Statements**

### **For the year ended 31 October 2012**

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

##### **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, lubricants and consumables 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.

##### **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 payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes some of the items of income or expense that are taxable or deductible in other years 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 the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

**All Leisure group plc**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 31 October 2012**

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

**Taxation (continued)**

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

**Share-based payment**

In prior periods the Group has issued equity-settled share options to certain employees as part of their total remuneration. The fair values of the share options were calculated at the date of grant, using an appropriate option pricing model. These fair values were charged to profit or loss in full immediately as the options vested on grant. On the basis that both schemes are immaterial to the financial statements, the full disclosure requirements of IFRS 2, '*Share based payment*' has not been included however limited details regarding the share-based transactions are set out in note 34

**Retirement benefit costs**

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. 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.

The Group also operates a defined benefit scheme. The pension liabilities recognised on the balance sheet in respect of this scheme represent the difference between the present value of the Group's obligations under the scheme (calculated using the projected unit credit method) and the fair value of the scheme's assets. Actuarial gains or losses are recognised in the period in which they arise within the consolidated statement of changes in equity. The current service cost, representing benefits accruing over the year, is included in the consolidated income statement as an administrative expense. The unwinding of the discount rate on the scheme liabilities and the expected return on scheme assets are presented as investment revenues. Past service costs are recognised immediately in the income statement as administrative expenses.

**Operating profit**

Operating profit is stated before investment revenues

**Income statement presentation and separately disclosed items**

For information purposes management believe it is helpful to disclose certain items separately

These items are presented within their relevant income statement category but highlighted through separate disclosure. This is the first year the Group has presented the income statement in this manner and management intend to consistently disclose these items each year



# **All Leisure group plc**

## **Notes to the Consolidated Financial Statements**

### **For the year ended 31 October 2012**

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

##### **Income statement presentation and separately disclosed items (continued)**

Items which are included within the category of separately disclosed items include

- Costs of acquisitions
- Asset impairments
- Other individually material items that are unusual because of their size, nature or incidence but which are considered not to be related specifically to the underlying result

Material business combination intangible assets were acquired as a result of the acquisition of Page & Moy Travel Group Limited. The amortisation of these intangible assets is significant and the Group's management consider that it should be disclosed separately to enable a full understanding of the Group's results. Please see note 7 for further details.

#### **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. If it is assumed the ship will be scrapped, the residual value is based on external market data for the scrap value of steel and estimated sales proceeds of any removable assets from the ship. Ship residual values are determined in US Dollars or Euros and are therefore subject to foreign exchange risk. Residual values are reviewed annually to take account of market conditions.

##### **Acquisition of Page & Moy Travel Group Limited**

The acquisition of Page & Moy Travel Group Limited, as disclosed in note 30, was accounted for using the acquisition method based on the fair value of the consideration paid. The assets and liabilities were measured at fair value and the purchase price was allocated to assets and liabilities based on these fair values. Determining the fair values of assets and liabilities acquired involves the use of significant estimates and assumptions, including discount rates, asset lives and recoverability. With regards to assets and liabilities measured at fair value, the value of the freehold property was measured using a qualified surveyor on an open market basis and the valuation of the defined benefit pension liability was prepared by qualified actuaries. With regards to the purchase price allocation and determination of intangible assets, management engaged recognised experts in this field to assist in the process who also benchmarked key assumptions, such as discount rates and asset lives, against industry peers.

# All Leisure group plc

## Notes to the Consolidated Financial Statements

### For the year ended 31 October 2012

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

##### *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 2011 and 31 October 2012, 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 believes that the derivative market value at the year end is based on appropriate estimates. Please refer to note 24 for further details. 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. Due to the significance of the provided amounts, the estimate of the provision and associated foreign exchange fluctuations can create volatility in the Group reported financial position and financial performance, and ultimately in the Group cash flows in the period that the repair and maintenance obligations are discharged. Please refer to note 27 for further details.

##### **Retirement benefits**

The consolidated financial statements include costs in relation to, and provision for, retirement benefit obligations. The costs and the present value of any related pension assets and liabilities depend on such factors as life expectancy of the members, the salary progression of current employees, the returns that plan assets generate and the discount rate used to calculate the present value of the liabilities. The Group uses previous experience and independent actuarial advice to select the values of critical estimates. The estimates, and the effect of variances in key estimates, are disclosed in note 35.

# All Leisure group plc

## Notes to the Consolidated Financial Statements

### For the year ended 31 October 2012

#### 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)

The Swan Hellenic brand is currently used for cruises on the mv Minerva. Following improvements and modernisation of the vessel undertaken during the financial year, 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:

	<b>Measure</b>
Discount rate – pre tax	13.9%
Cash flow forecast period	5 years + terminal value
Rate of increase of cash flows beyond the budget period	<u>3% (0% after 5 years)</u>

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. Please refer to note 17 for further details.

##### Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at 31 October 2012 was £9,517,000 (2011: £nil). There was no impairment of goodwill in the year. Please refer to note 17 for further details.

##### Provision against a material counterparty

A provision has been made against a material receivable from a counterparty which arose in the year and in respect of which there is an on-going dispute. Management have estimated the amount recoverable, based on the available evidence, and have used this to determine the provision required. For further details on the dispute, please refer to notes 22 and 32.

##### Recognition of deferred tax asset relating to carry-forward unused losses

Other than a deferred tax asset arising from deductible temporary differences, the Group has recognised a deferred tax asset relating to unused losses, as detailed in note 25, arising from the Page & Moy Travel Group. The quantum of the asset recognised has been calculated based on the extent it is probable that future taxable profit will be available against which they can be utilised in the context of Page & Moy Travel Group's trading performance in recent financial years, which management have determined as budgeted taxable profits one year from the balance sheet date.

**All Leisure group plc**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 31 October 2012**

**5 Revenue**

An analysis of the Group's revenue is as follows

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Continuing operations</b>		
Sales of cruise holidays and ancillary services	61,044	74,910
Sales of escorted tours and ancillary services	66,349	5,451
	<u>127,393</u>	<u>80,361</u>
Property rental income	16	16
Investment revenue	131	341
	<u>127,540</u>	<u>80,718</u>

Ancillary services revenue included within sales of cruise holidays 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.

Ancillary service revenue included within sales of escorted tours and ancillary services includes non inclusive tours, visa services and flight upgrades. None of these revenue streams account for more than 10% of the overall revenue and are considered by the Directors to be components of the overall revenues derived on escorted tours.

# All Leisure group plc

## Notes to the Consolidated Financial Statements

### For the year ended 31 October 2012

#### 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 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 escorted tours operation, providing escorted tour holidays to a wide range of overseas destinations Revenue streams are from the UK

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

The following is an analysis of the Group's revenue and results by reportable segments in 2012

	<b>Cruising 2012 £'000</b>	<b>Tour Operating 2012 £'000</b>	<b>Corporate 2012 £'000</b>	<b>Consolidated 2012 £'000</b>
<b>Revenue</b>				
External sales	61,044	66,349	-	127,393
Total revenue	<u>61,044</u>	<u>66,349</u>	<u>-</u>	<u>127,393</u>
<b>Result</b>				
Underlying (loss)/profit from operations	(6,868)	9,128	(1,361)	899
Separately disclosed items	(1,244)	(72)	-	(1,316)
Amortisation of business combination intangibles	<u>-</u>	<u>(385)</u>	<u>-</u>	<u>(385)</u>
<b>Operating (loss)/profit before adjustment for certain derivative financial instruments</b>	<u>(8,112)</u>	<u>8,671</u>	<u>(1,361)</u>	<u>(802)</u>
Gains on certain derivative financial instruments				1,671
<b>Operating profit</b>				869
Investment revenues				131
Finance costs				<u>(197)</u>
Profit before tax				803
Tax charge				<u>(304)</u>
Profit for the financial year				<u>499</u>

**All Leisure group plc**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 31 October 2012**

**6. Business and geographical segments (continued)**

The following is an analysis of the Group's revenue and results by reportable segments in 2011

	<b>Cruising 2011 £'000</b>	<b>Tour Operating 2011 £'000</b>	<b>Corporate 2011 £'000</b>	<b>Consolidated 2011 £'000</b>
<b>Revenue</b>				
External sales	74,910	5,451	-	80,361
Total revenue	<u>74,910</u>	<u>5,451</u>	<u>-</u>	<u>80,361</u>
<b>Result</b>				
Underlying profit from operations	1,691	240	(1,147)	784
Separately disclosed items	<u>2,597</u>	<u>-</u>	<u>-</u>	<u>2,597</u>
<b>Operating profit/(loss) before adjustment for certain derivative financial instruments</b>	4 288	240	(1,147)	3 381
Gains on certain derivative financial instruments				<u>1 942</u>
<b>Operating profit</b>				5,323
Investment revenues				<u>341</u>
Profit before tax				5,664
Tax credit				<u>19</u>
Profit for the financial year				<u>5,683</u>
<b>Segment assets</b>				
			<b>2012 £'000</b>	<b>2011 £'000</b>
Cruising			63,425	59,286
Tour operating			<u>45,231</u>	<u>508</u>
Total segment assets			108,656	59,794
Unallocated assets			<u>1,435</u>	<u>1,552</u>
Consolidated total assets			<u>110,091</u>	<u>61,346</u>

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

**All Leisure group plc**  
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**6 Business and geographical segments (continued)**

**Segment liabilities**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Cruising	33,033	26,748
Tour operating	39,156	1,833
Total segment liabilities	72,189	28,581
Unallocated liabilities	6,124	249
Consolidated total liabilities	<u>78,313</u>	<u>28,830</u>

**Other segment information**

	<b>Depreciation and amortisation</b>		<b>Additions to non-current assets</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cruising	4,702	4,583	9,279	8,870
Tour operating	497	-	24,362	-
Unallocated	177	127	-	461
	<u>5,376</u>	<u>4,710</u>	<u>33,641</u>	<u>9,331</u>

**Geographical segments**

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services and the location of the Group's non-current assets

	<b>Sales revenue by geographical market</b>		<b>Non-current assets</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
UK	117,131	72,100	73,335	45,977
USA	5,448	4,245	-	-
Rest of the world	4,814	4,016	-	-
	<u>127,393</u>	<u>80,361</u>	<u>73,335</u>	<u>45,977</u>

Revenues are attributed to individual countries on the basis of region of booking

**All Leisure group plc**  
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**7 Separately disclosed items**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating items – (expense)/income</b>		
Onerous lease provision	(304)	(750)
Provision against a material counterparty	(906)	-
Restructuring costs	(175)	(118)
Impairment of property	(96)	-
Other income	475	3,465
Acquisition costs	(310)	-
	<hr/>	<hr/>
<b>Total operating items</b>	(1,316)	2,597
Amortisation of business combination intangibles	(385)	-
Deferred tax on business combination intangibles	80	-
	<hr/>	<hr/>
<b>Total separately disclosed items</b>	<u>(1,621)</u>	<u>2,597</u>

The onerous lease provision arises as a result of losses incurred, or anticipated to be incurred, from the bareboat charter of mv Voyager to a third party

The provision against a material counterparty has arisen as a result of an ongoing dispute. Please refer to note 4 for further details.

The impairment of property has arisen as a result of the decrease in the market values of Lynnem House and 54 The Hundred.

Other income relates to monies received from insurance claims. Please refer to note 8 for further details.

Acquisition costs of £310,000 (2011: £nil) have arisen as a result of the acquisition of Page & Moy Travel Group Limited and are not expected to recur in future years.

Material business combination intangible assets were acquired as a result of the acquisition of Page & Moy Travel Group Limited. The amortisation of these intangible assets is significant and the Group's management consider that it should be separately disclosed to enable a full understanding of the Group's results.



**All Leisure group plc**  
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**8. Other income**

	2012 £'000	2011 £'000
Insurance claims	343	1,601
Damages awarded	132	1,864
	<u>475</u>	<u>3,465</u>

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 events in previous periods

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 of the FY2011 Group Financial Statements.

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.

**9 Operating profit**

	2012 £'000	2011 £'000
<b>Operating profit has been arrived at after (crediting)/charging:</b>		
Foreign exchange (gain)/loss	(1,866)	81
Depreciation of property, ships, plant and equipment	4,420	4,160
Depreciation of investment property	6	2
Amortisation of intangibles assets	950	548
Impairment of property	96	-
Loss on disposal of property, ships, plant and equipment	325	-
Staff costs (note 11)	8,044	5,302
Provision arising from a contractual arrangement (note 4)	304	750
Provision against a material counterparty (note 4)	906	-
Other separately disclosed items (note 7)	310	-

Auditor remuneration details are provided in note 10

**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 Voyager to a third party.

**Provision against a material counterparty**

This item represents the provision made against a material receivable from a counterparty which arose during the year and in respect of which there is an on-going dispute. Management have estimated the amount recoverable, based on available evidence, and have used this to determine the provision required. Please refer to note 4 for further details.

**All Leisure group plc**  
**Notes to the Consolidated Financial Statements**  
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**10 Auditor's remuneration**

The analysis of auditor's remuneration is as follows

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fees payable to the Company's auditor for the audit of the Company's annual accounts</b>	50	14
<b>Fees payable to the Company's auditor and their associates for other services to the Group</b>		
- The audit of the Company's subsidiaries pursuant to legislation	150	55
<b><i>Total audit fees</i></b>	<b>200</b>	<b>69</b>
- Interim review	20	20
- ABTA and ATOL returns	2	1
- Corporate finance	180	-
<b><i>Total non-audit fees</i></b>	<b>202</b>	<b>21</b>

In addition, £20,000 was payable to the Group's auditor and their associates in respect of associated pension schemes in 2012 (2011 £nil)

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**11 Information regarding directors and employees**

**Non-executive directors' emoluments**

2 (2011 - 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**

2012	Salary and bonus £'000	Fees £'000	Estimated benefits in kind £'000	Total short term employment benefits £'000	Contributions to money purchase pension scheme £'000	2012 Total £'000
Roger Allard	136	174	4	314	-	314
Rob Bryant	220	-	3	223	21	244
Ian Smith	55	-	-	55	-	55
Chris Gadsby	34	-	-	34	-	34
Neil Morris	128	-	-	128	29	157
Philip Ovenden	17	-	7	24	-	24
Nigel Jenkins	-	33	-	33	-	33
	<u>590</u>	<u>207</u>	<u>14</u>	<u>811</u>	<u>50</u>	<u>861</u>

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
	<u>574</u>	<u>205</u>	<u>10</u>	<u>789</u>	<u>36</u>	<u>825</u>

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 38  
 During the year two of the Group's executive directors (2011 - four) participated in the All Leisure group plc money purchase scheme

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**11 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 2011 Number	At 31 October 2012 Number	Exercise Price £	Date from which exercisable	Expiry date
Roger Allard	123,655	-	1.43	26/01/2010	26/01/2012
Roger Allard	115,994	-	0.78	26/01/2010	26/01/2012
Rob Bryant	86,434	-	1.43	26/01/2010	26/01/2012
Rob Bryant	81,608	-	0.78	26/01/2010	26/01/2012

No additional options were granted and no options were exercised during the year. All options expired on 26 January 2012. Further details of the Company's share option schemes are given in note 34.

**Information regarding directors and employees**

	2012 Number	2011 Number
<b>The average monthly number of employees (including directors) was:</b>		
Administration	272	59
Sales	98	52
Ship	6	8
	<u>376</u>	<u>119</u>
	£'000	£'000
<b>The aggregate payroll and related expenses included in both operating expenses and selling and administrative expenses comprised</b>		
Wages and salaries	7,060	4,647
Social security costs	702	469
Other pension costs (note 35)	282	186
	<u>8,044</u>	<u>5,302</u>

**12 Investment revenue**

	2012 £'000	2011 £'000
Interest on bank deposits	131	108
Interest on other loans and receivables	-	233
	<u>131</u>	<u>341</u>

In the current and prior year the bank deposits were entirely classified as loans and receivables. The interest on other loans and receivables in the prior year has arisen on amounts due to the Group following the award of damages as discussed in note 8.

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**13 Finance costs**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Interest on loan	188	-
Other interest	9	-
	<u>197</u>	<u>-</u>

On 15 May 2012, All Leisure group PLC acquired 100% of the issued share capital of Page & Moy Travel Group Limited ("PMTGL"), for a consideration of £3.3m. The consideration was funded with a £5.8m loan from a consortium of individual investors, some of whom were related parties. The lenders who meet the definition of related parties, and the amounts loaned to the Group are detailed in note 38.

Interest accrues daily at a rate of 7% per annum and is payable annually on the 15<sup>th</sup> May each year.

**14. Tax charge/ (credit)**

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

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Current tax		
- Current year	11	10
- Adjustment with respect to prior years	(49)	(29)
	<u>(38)</u>	<u>(19)</u>
Deferred tax (see note 25)	342	-
Total tax charge/(credit)	<u>304</u>	<u>(19)</u>

Corporation tax is calculated at 24.8% (26.8%) of the estimated taxable profit for the year.

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**14. Tax charge/ (credit) (continued)**

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

The tax assessed for the year differs from (2011- differs from) that resulting from applying the standard rate of corporation tax in the UK of 24.8% (2011 – 26.8%) The differences are explained below

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Profit before tax		
Continuing operations	<u>803</u>	<u>5,664</u>
Tax at the UK corporation tax rate of 24.8% (2011 26.8%)	199	1,518
Adjustments from income taxed under the tonnage tax regime	2,062	(1,690)
Expenses not allowable for tax purposes	140	111
Losses utilised for which no deferred tax was previously recognised	(499)	-
Unutilised losses carried forward	-	73
Recognition of new deferred tax asset for losses	(1,443)	-
Depreciation in excess of capital allowances	(126)	-
Marginal rate differences	-	(2)
Other timing differences	20	-
Adjustment in respect of prior years	(49)	(29)
Total tax charge/(credit)	<u>304</u>	<u>(19)</u>

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 profits or losses arising from the cruising segment are not subject to taxation under the normal corporation tax regime

**(c) Factors affecting future tax charge**

At the balance sheet date, the Finance Act 2012 had been substantively enacted confirming that the main UK corporation tax rate will be 23% from 1 April 2013. Therefore, at 31 October 2012, deferred tax assets and liabilities have been calculated based on a rate of 23% where the temporary difference is expected to reverse after 1 April 2013.

Further proposals to reduce the main UK corporation tax rate to 22% on 1 April 2014 has not been substantively enacted at the balance sheet date and are therefore not included in these financial statements.

This may reduce the Group's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this should further reduce the Group's future current tax charge and reduce the Group's deferred tax liabilities/assets accordingly.

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**15 Dividends**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts recognised as distributions to equity holders in the year:</b>		
Final dividend for the year ended 31 October 2011 of 1 31p (2010 1 31p) per share	210	809
Interim dividend for the year ended 31 October 2011 of 0 64p (2010 0 64p) per share	395	395
	<u>605</u>	<u>1,204</u>

As trading has been considerably more challenging this year than envisaged, the Board unanimously agreed to waive the proposed dividend for the year ended 31 October 2011 in relation to shareholdings held by the board (74.01% of the issued share capital), but voted to pay a final dividend of 1 31p per share to all other shareholders. The final dividend was approved by the shareholders at the Annual General Meeting on 11 April 2011 and was paid on 27 April 2012.

No interim dividend was paid in the year. It was announced on 16 May 2012 that no final dividend has been proposed for the year ended 31 October 2012.

**16. Earnings per share**

	<b>2012</b>	<b>2011</b>
	<b>Pence</b>	<b>Pence</b>
<b>Basic and diluted profit per share</b>		
Basic	0.8	9.2
Diluted	0.8	9.2
 The calculation of the basic and diluted earnings per share is based on the following data:		
<b>Earnings</b>	<b>£'000</b>	<b>£'000</b>
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	<u>499</u>	<u>5,683</u>

	<b>No.</b>	<b>No.</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>61,744,777</u>	<u>61,744,777</u>

All results derive from continuing operations and accordingly total earnings per share and earnings per share from continuing operations are the same.

	<b>2012</b>	<b>2011</b>
	<b>Pence</b>	<b>Pence</b>
<b>Underlying basic and diluted profit per share</b>		
Basic	3.4	5.0
Diluted	3.4	5.0

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**16 Earnings per share (continued)**

The calculation of the basic and diluted earnings per share is based on the following data

<b>Underlying net profit</b>	<b>£'000</b>	<b>£'000</b>
Underlying net profit attributable to equity holders of the parent	2,120	3,086

<b>Number of shares</b>	<b>No</b>	<b>No</b>
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	61,744,777	61,744,777

**17. Intangible assets**

	<b>Goodwill £'000</b>	<b>Customer databases £'000</b>	<b>Trademarks £'000</b>	<b>Computer Software £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 November 2010	-	4,066	2,517	87	6,670
Additions	-	-	-	135	135
At 1 November 2011	-	4,066	2,517	222	6,805
Additions	-	-	-	67	67
Acquisition of subsidiary	9,517	6,701	1,266	583	18,067
At 31 October 2012	9,517	10,767	3,783	872	24,939
<b>Amortisation</b>					
At 1 November 2010	-	737	228	23	988
Charge for the year	-	407	101	41	549
At 1 November 2011	-	1,144	329	64	1,537
Charge for the year	-	610	124	216	950
At 31 October 2012	-	1,754	453	280	2,487
<b>Carrying amount</b>					
At 31 October 2012	9,517	9,013	3,330	592	22,452
At 1 November 2011	-	2,922	2,188	158	5,268
At 1 November 2010	-	3,329	2,289	64	5,682

**Goodwill**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGU's) that are expected to benefit from that business combination. The goodwill of £9,517,000 arising from the Page & Moy Travel Group Limited ("PMTGL") acquisition reflects the anticipated benefits of synergies, revenue growth, future market development and the assembled workforce of PMTGL. These benefits are not recognised separately from Goodwill as they do not meet the criteria for identifiable intangible assets.



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**17 Intangible assets (continued)**

Goodwill (continued)

Based on the purchase price allocation performed in accordance with IFRS 3 post acquisition, the following CGUs have been identified with the goodwill allocated to them as follows, based on revenue

	Amount recognised at acquisition date £'000
Travelsphere	7,138
Just you	2,379

The Group tests goodwill annually for impairment on 31 October 2012, or more frequently if there are indications goodwill might be impaired

The recoverable amounts of the CGUs are determined from value in use. Other than goodwill, no intangible assets with an indefinite life are allocated to either CGU. The key assumptions for the value in use calculation, as applied in the purchase price allocation work, relate to revenue growth rates, customer attrition and discount rates. The assumptions used in the preparation of the purchase allocation were derived from the budget and forecasts prepared by management.

For the financial year ended 31 October 2012, the CGUs have been assessed against performance to the purchase price allocation report as prepared by an independent third party using forecasts and information prepared by the management of Page & Moy Travel Group Limited as well as other variables determined from industry data or peers. The key assumptions applied are as follows: discount rate of 13.9%, forecasts made for 5 years with a growth rate of 0%, based on the average long term rate applicable to travel, assumed to perpetuity. A period of longer than 5 years has been applied given management's expectation of life of the brand and experience of revenue derived from the customer database applicable to each CGU.

Other intangible assets

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.

Trademarks are related to the core brands of each segment and are recognised as a separate intangible asset. Trademarks are amortised over periods of 25 to 50 years.

Customer relationships are being amortised over periods of 10 to 20 years.

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**18 Property, ships, plant and equipment**

	Freehold land and buildings £'000	Cruise ships £'000	Leasehold improve- ments £'000	Office equipment £'000	Total £'000
<b>Cost or valuation</b>					
At 1 November 2010	1,100	39,767	1,372	241	42,480
Additions	-	8,701	169	327	9,197
Disposals	-	(844)	-	-	(844)
At 1 November 2011	1,100	47,624	1,541	568	50,833
Additions	-	5,271	-	174	5,445
Acquisition of subsidiary (note 30)	3,564	-	-	105	3,669
Revaluation	(125)	-	-	-	(125)
Disposals	-	(3,664)	(430)	-	(4,094)
Transfer	-	14	-	(14)	-
At 31 October 2012	4,539	49,245	1,111	833	55,728
<b>Accumulated depreciation and impairment</b>					
At 1 November 2010	20	6,397	483	170	7,070
Charge for the year	20	3,725	351	64	4,160
Disposals	-	(844)	-	-	(844)
At 1 November 2011	40	9,278	834	234	10,386
Charge for the year	52	4,047	149	172	4,420
Disposals	-	(3,339)	(429)	-	(3,768)
Revaluation	(35)	-	-	-	(35)
At 31 October 2012	57	9,986	554	406	11,003
<b>Carrying amount</b>					
At 31 October 2012	4,482	39,259	557	427	44,725
At 1 November 2011	1,060	38,346	707	334	40,447
At 1 November 2009	1,080	33,370	889	71	35,410

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 2012 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 (2011: £839,000) and a revalued amount of £575,000 (2011: £700,000), included within Freehold land and buildings. The building element of this property is valued at £474,000 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 2012 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 (2011: £372,000) and a revalued amount of £400,000 (2011: £400,000), included within Freehold land and buildings. The building element of this property is valued at £335,500 (2011: £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.

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**18 Property, ships, plant and equipment (continued)**

Compass House, Rockingham Road, Market Harborough, LE16 7QD, a property acquired as part of the Page & Moy Travel Group Limited acquisition, is also carried at a revalued amount. The property was revalued on 30 November 2011 by Budworth Hardcastle, Chartered Surveyors, valuers that are independent of the Group, on the basis of market value. The property has a cost of £1,500,000 and a revalued amount of £3,600,000. The building element of this property is valued at £2,600,000 and is being depreciated over 50 years. The associated land it is situated on is not being depreciated.

At 31 October 2012, 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 £2.7 million (2011: £1.2 million).

Included within Cruise ships is £1,620,000 (2011: £nil) in relation to assets in the course of construction.

At 31 October 2012, 31 October 2011 and 31 October 2010 the Group had no contractual commitments for the acquisition of property, ships, plant and equipment.

**19 Investment property**

	£'000
<b>Deemed cost</b>	
At 1 November 2010 and 1 November 2011	280
Reclassified as held for sale	(280)
	<hr/>
At 31 October 2012	-
	<hr/>
<b>Accumulated depreciation</b>	
At 1 November 2010	16
Charge for the year	2
	<hr/>
At 1 November 2011	18
Charge for the year	6
Impairment loss	6
On assets reclassified as held for sale	(30)
	<hr/>
At 31 October 2012	-
	<hr/>
<b>Carrying amount</b>	
At 31 October 2012	-
	<hr/>
At 1 November 2011	262
	<hr/>
At 1 November 2010	264
	<hr/>

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 (2011: £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 £11,000 (2011: £16,000).

The property was sold on 6 December for £250,000. The property has been reclassified as an asset held for sale for the year ended 31 October 2012. See note 28.

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**20 Subsidiaries**

A list of the significant investments in subsidiaries, all of which are 100% owned, including the name and country of incorporation and operation, 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.

**21 Inventories**

	2012 £'000	2011 £'000
Engineering stock and ship consumables	1,578	1,545
Non-ship related consumables	51	-
	<u>1,629</u>	<u>1,545</u>

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.

**22 Other financial assets, prepayments and accrued income**

**Trade, other receivables, prepayments and accrued income**

	2012 £'000	2011 £'000
<b>Non-current assets</b>		
Prepayments	<u>3,840</u>	<u>-</u>
<b>Current assets</b>		
Trade receivables	1,770	937
Other debtors	2,355	2,548
VAT recoverable	318	284
Prepayments and accrued income	<u>6,379</u>	<u>2,599</u>
	<u>10,822</u>	<u>6,368</u>

With the exception of one material counterparty, against which a provision has been made (see note 4), 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.

Noncurrent prepayments represent a \$6m (2011: nil) deposit on the extension of the lease for mv Minerva.

Ageing of past due but not impaired receivables

	2012 £'000	2011 £'000
31-60 days	100	434
61-90 days	14	14
91-120 days	1	1
120 + days	<u>20</u>	<u>20</u>
Total	<u>135</u>	<u>469</u>

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**22 Other financial assets, prepayments and accrued income (continued)**

**Trade, other receivables, prepayments and accrued income (continued)**

**Movement in the allowance of doubtful debts**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
At 1 November 2011	771	-
Additional provision	906	771
Amounts written off in the year as uncollectable	(741)	-
Foreign exchange transaction gains and losses	(23)	
At 31 October 2012	<u>913</u>	<u>771</u>

**Ageing of impaired trade receivables**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
0-30 days	-	556
31-60 days	-	460
61-90 days	-	169
91-120 days	-	39
121+ days	1,772	14
Total	<u>1,772</u>	<u>1,238</u>

Impaired trade receivables of £1,772,000 relates to the balance due from a material counterparty in respect of which there is an on-going dispute. Management have estimated the amount recoverable, based on the available evidence, and have used this to determine the provision required. Further details are provided in note 4.

The directors consider the carrying amount of trade and other receivables is approximately equal to their fair value.

**Total bank balances and cash in hand**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Restricted cash		
- current	5,566	464
Unrestricted cash	18,242	6,735
	<u>23,808</u>	<u>7,199</u>

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.

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 36.

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**23 Borrowings**

**Secured borrowings at amortised cost**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Other loans	<u>5,782</u>	<u>-</u>
<b>Total borrowings</b>		
Amount due for settlement within 12 months	<u>580</u>	<u>-</u>
Amount due for settlement after 12 months	<u>5,202</u>	<u>-</u>

The loan is secured against mv Voyager, albeit limited to the principal and interest outstanding. Interest is charged daily at a fixed rate of 7% per annum and is payable annually on 15<sup>th</sup> May each year. The loan is repayable over 5 years at a rate of 10% of the original balance per annum, plus interest for the first four years with the remaining balance to be repaid on 15 May 2017. Further details regarding the secured borrowings from related parties are dealt with in note 38.

**24 Derivative financial instruments**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
<b>Financial assets/(liabilities) carried at fair value through profit and loss (FVTPL)</b>		
Held for trading derivatives that are not designated in hedge accounting relationships		
Foreign currency forward options, swaps, currency target accrual forwards, DCDs	(737)	(1,299)
Fuel forward purchase	157	257
	<u>(580)</u>	<u>(1,042)</u>

All amounts are current and further details of derivative financial instruments are provided in note 36.

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**25 Deferred Tax**

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting period

	<b>Pensions £'000</b>	<b>Revaluation of buildings £'000</b>	<b>Tax losses £'000</b>	<b>Intangible assets £'000</b>	<b>Total £'000</b>
At 1 November 2010 and 1 November 2011	-	(54)	-	-	(54)
Acquisition of subsidiary	738	(855)	1,814	(1,912)	(215)
Charge to profit and loss (note 14)	(51)	-	(371)	80	(342)
Statement of comprehensive income	188	-	-	-	188
At 31 October 2012	<u>875</u>	<u>(909)</u>	<u>1,443</u>	<u>(1,832)</u>	<u>(423)</u>

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so

Deferred tax assets of £2,318,000 (2011 £nil) have been recognised within non-current assets and deferred tax liabilities of £2,741,000 (2011 £54,000) have been recognised within non-current liabilities

At the balance sheet date, the group had unused tax losses of £17,854,000 (2011 £928,000) available for offset against future profits. A deferred tax asset has been recognised in respect of £2,126,000 (2011 £nil) of these losses based on forecasted taxable profit for 2013. No deferred tax asset has been recognised in respect of the remaining £15,728,000 (2011 £928,000) as it is not considered probable that there will be future taxable profits available. Capital losses of £326,000 (2011 £nil) have not been recognised.

**26 Other financial liabilities**

**Trade payables, accruals and deferred income and other payables**

	<b>2012 £'000</b>	<b>2011 £'000</b>
Trade payables	23,519	7,258
Accruals	7,276	4,175
Deferred income	30,164	13,443
Other payables	2,602	377
	<u>63,561</u>	<u>25,253</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 53 days (2011 40 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 Group's business is highly cyclical, with the cash low point occurring over the winter months and the cash high point in the summer months. At the balance sheet date current liabilities are higher than current assets, although this is largely due to deferred income. In order to manage payables, terms are agreed with certain suppliers to stagger and delay payment until higher cash levels are reached. Further details are given in note 36.

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

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**27 Provisions**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Dry dock provision	1,365	1,467
Onerous contract provision	219	750
	<u>1,584</u>	<u>2,217</u>
Current	219	2,217
Non-current	1,365	-
	<u>1,584</u>	<u>2,217</u>

	<b>Onerous contract</b>	<b>Dry dock provision</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 November 2010	-	1,476	1,476
Provided in the year	750	-	750
Exchange difference	-	(9)	(9)
At 1 November 2011	750	1,467	2,217
Provided in the year	304	1,467	1,771
Utilised in the year	(835)	(1,467)	(2,302)
Exchange difference	-	(102)	(102)
At 31 October 2012	<u>219</u>	<u>1,365</u>	<u>1,584</u>

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 2015. Please refer to note 7 for further details regarding the onerous contract provision.

**28 Non-current assets classified as held for sale**

<b>Assets</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Investment property	<u>250</u>	<u>-</u>

The investment property was sold on 6 December 2012 for £250,000.



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**29 Share capital**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>		
100,000,000 (2011 100,000,000, 2010 100,000,000)		
ordinary shares of 1p each	<u>1,000</u>	<u>1,000</u>
<b>Issued and fully paid:</b>		
61,744,777 (2011 61,744,777, 2010 61,744,777)		
ordinary shares of 1p each	<u>617</u>	<u>617</u>

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

Details of options over ordinary 1p shares in the Company are provided in note 34

**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 sufficient cash balances available for trading activities.

**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 license. 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 2012 to the date of signing these financial statements. The directors see no reason why the ATOL license in March 2013 will not be renewed on the same terms and conditions as currently agreed with the Civil Aviation Authority.

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**30 Acquisition of subsidiary**

On 15 May 2012, All Leisure group PLC acquired 100% of the issued share capital of Page & Moy Travel Group Limited ("PMTGL"), on a debt free basis, for a gross consideration of £4.2m, the equivalent of £3.3m net of deductions. The acquisition of PMTGL has resulted in the majority of All Leisure's revenues being derived from Tour Operating as opposed to Cruise, which was one of the main reasons for completing the transaction, albeit there are similar customer demographics for both businesses.

Page & Moy Travel Group Limited is a holding company. The principal activity of its subsidiaries is tour operating, offering touring holidays to a wide range of overseas destinations.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below.

	Amount recognised at acquisition date £'000
<b>Net assets acquired</b>	
Intangible assets	8,550
Property, plant and equipment	3,669
Deferred tax asset	2,552
Inventories	51
Trade and other receivables	4,380
Cash and cash equivalents	9,168
Restricted cash	8,000
Trade and other payables	(35,541)
Pension liability	(3,075)
Deferred tax liability	(2,767)
Derivative financial liability	(1,208)
<b>Total identifiable net liabilities</b>	<b>(6,221)</b>
Goodwill	9,517
<b>Total consideration</b>	<b>3,296</b>
Satisfied by cash	3,296
<b>Net cash inflow from acquisitions</b>	
Cash consideration for shares	(3,296)
Cash and cash equivalents acquired	9,168
	<b>5,872</b>

The amount indicated above for trade and other receivables represents the fair value of the acquired receivables and is equal to the gross contractual cash flows, all of which are expected to be recoverable.

There are no contingent liabilities.

Acquisition related costs (included in administrative expenses) amounted to £0.3m (note 7).

The purchase price of each asset component of the acquisition represents a preliminary assessment of their fair value, based on management's best estimates, and may be amended in the next financial period.

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**30 Acquisition of subsidiary (continued)**

The goodwill of £9,517,000 arising from the acquisition reflects the anticipated benefits of synergies, revenue growth, future market development and the assembled workforce of PMTGL. These benefits are not recognised separately from Goodwill as they do not meet the criteria for identifiable intangible assets. None of the goodwill is expected to be deductible for tax purposes.

The acquired business contributed revenue of £60,867,000 and profit before tax of £8,935,000 to the Group for the period from acquisition to 31 October 2012.

If the acquisition had occurred on 1 November 2011, it would have contributed £93,927,000 to consolidated revenue and £4,644,000 to consolidated profit for the year.

**31 Notes to the cash flow statement**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	499	5,683
Adjustments for		
Investment revenues	(131)	(341)
Rental income	(16)	(16)
Finance costs	197	-
Other gains and losses	325	-
Income tax charge/ (credit)	304	(19)
Depreciation and amortisation	5,376	4,710
Impairment losses	96	-
Foreign exchange movements	(1,866)	81
Movement in fair value of derivatives	(1,671)	(1,942)
(Decrease)/increase in provisions	(633)	741
Operating cash flows before movements in working capital	2,480	8,897
(Increase)/decrease in inventories	(33)	313
Increase in receivables	(3,914)	(1,760)
Decrease/(increase) in payables	1,872	(8,104)
Cash inflow/(outflow) generated from operations	405	(654)
Income taxes paid	(8)	(8)
Net cash inflow/(outflow) from operating activities	397	(662)

**32 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 2012, 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 £2,942,000 (2011 - £2,326,000). Due to the introduction of the ATOL Protection Contribution ('APC'), the Group is no longer required to hold an ATOL bond.

In addition, the Group has an ongoing contractual dispute in respect of recharges of costs incurred by the Group as part of the work performed on one of the ships. The Group has provided for its best estimate of the likely settlement amount as disclosed in note 4. In conjunction with this the counterparty has notified the Group of a further non-contractual claim of up to £850,000. The directors are vigorously disputing this and accordingly no provision has been made for this claim.

There are no other material contingent liabilities.

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**33 Operating lease arrangements**

**The Group as lessee**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Minimum lease payments under operating leases recognised as an expense in the year</b>		
- Bareboat charter	1,869	2,517
- Office properties and office equipment	78	98
	<u>1,947</u>	<u>2,615</u>

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

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Ship bareboat charter</b>		
Within one year	2,517	2,526
In the second to fifth years inclusive	10,068	10,068
After five years	6,502	9,003
	<u>19,087</u>	<u>21,597</u>
<b>Office properties and office equipment</b>		
Within one year	77	69
In the second to fifth years inclusive	148	124
After five years	-	21
	<u>225</u>	<u>214</u>

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 (2011 £16,000)

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

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	<u>1</u>	<u>16</u>

The investment property was sold on 6 December 2012 and is included at the balance sheet date as an asset held for sale (note 28)

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**34 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 or 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 or forfeited in the year ended 31 October 2012. All outstanding options expired on 30 September 2012. Details of the share options outstanding during the year are as follows:

	Number of share options	2012 Weighted average exercise price (in £)	Number of share options	2011 Weighted average exercise price (in £)
Outstanding at the beginning of the period	1,074,615		1,074,615	
Expired during the period	(1,074,615)	2.19	-	2.19
Outstanding at the end of period	-		1,074,615	
Exercisable at the end of the period	-		1,074,615	

**(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	2012 Weighted average exercise price (in £)	Number of share options	2011 Weighted average exercise price (in £)
Outstanding at the beginning of the period	407,691		567,345	
Expired during the period	(407,691)	0.78	(159,654)	0.78
Outstanding at the end of the period	-		407,691	
Exercisable at the end of the period	-		407,691	

The weighted average share price at the date of exercise for share options that could be exercised during the period was £0.78. No charge was made in the year in respect of these options and all outstanding options expired on 26 January 2012.

# All Leisure group plc

## Notes to the Consolidated Financial Statements

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#### 35 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 £282,000 (2011: £186,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 October 2012, contributions of £5,000 (2011: £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.

##### Defined benefit schemes

The Group operates a defined benefit scheme, the Page & Moy Limited Retirement Benefits Scheme ("the scheme"). Defined benefit accrual ceased within the scheme with effect from 31 December 2005, and future service benefit provision within the scheme is provided via a defined contribution section. The scheme is operated for those employees who are eligible and who wish to participate in the scheme. The assets of the scheme are held in a separate fund administered by trustees.

Contributions made by the Group to the scheme in the period since acquisition were £88,000 of which £nil was accrued at the balance sheet date.

A full actuarial valuation of the schemes assets and the present value of the defined benefit obligation were carried out at 31 October 2012 by a qualified independent actuary. Investments have been valued for this purpose, where possible at market value. The scheme is closed to future benefit accrual and future contributions relate to the deficit funding as agreed in the Recovery Plan.

The assets of the scheme are shown at market value, and the liabilities have been calculated using the following principal actuarial assumptions:

##### Key assumptions used

	2012 %	2011 %
Discount rate	4.3	-
Retail Price Inflation	2.7	-
Consumer Price Inflation	1.7	-
Pension increases in payment	2.6	-
Deferred pensions increase – pre 1997	1.7 (CPI)	-
Deferred pensions increase – post 1997	2.7 (RPI)	-

##### Mortality assumptions

The assumptions relating to the longevity underlying the pension liabilities are based on standard mortality tables and include an allowance for improvements in longevity. Mortality is assumed to be in line with 110% of the PNA00 birth year tables with allowance for the medium cohort projections. Sample life expectancies are detailed below:

	2012	2011
Life expectancies at age 65 for		
Male currently aged 65	21.7	-
Male currently aged 45	23.2	-

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**35 Retirement benefit schemes (continued)**

**Defined benefit schemes (continued)**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and inflation. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period assuming that all other assumptions are held constant.

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.1%	Decrease /increase by 2%
Inflation	Increase in inflation by 0.1%	Increase/decrease by 1%

Amounts recognised in income in respect of this scheme are as follows

	2012 £'000	2011 £'000
Interest cost	(323)	-
Interest income	323	-
	<u>-</u>	<u>-</u>

Of the expense for the year, £nil has been included in the income statement as cost of sales and £nil has been included in administrative expenses due to their being no service cost. Actuarial gains and losses have been reported in other comprehensive income.

Amounts recognised in the statements of comprehensive income are as follows

	2012 £'000	2011 £'000
The return on scheme assets (excluding amounts included in net interest expense)	394	-
Actuarial gains and losses arising from changes in demographic assumptions	(62)	-
Actuarial gains and losses arising from changes in financial assumptions	(1,152)	-
Remeasurement of the net defined benefit obligation	<u>(820)</u>	<u>-</u>

The amounts included in the balance sheet arising from the Group's obligations in respect of this scheme are as follows

	2012 £'000	2011 £'000
Present value of defined benefit obligations	(16,127)	-
Fair value of scheme assets	12,320	-
Deficit in scheme	<u>(3,807)</u>	<u>-</u>
Past service costs not yet recognised in balance sheet	-	-
Liability recognised in the balance sheet	<u>(3,807)</u>	<u>-</u>

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**35 Retirement benefit schemes (continued)**

**Defined benefit schemes (continued)**

Movements in the present value of the defined benefit obligations were as follows

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
At 1 November 2011	-	-
Acquisition of subsidiary	(14,671)	-
Interest cost	(323)	-
Remeasurement (gains)/losses		
Actuarial gains and losses arising from changes in demographic assumptions	(62)	-
Actuarial gains and losses arising from changes in financial assumptions	(1,152)	-
Benefits paid	81	-
	<u>(16,127)</u>	<u>-</u>
At 31 October 2012		

Movements in the fair value of scheme assets were as follows

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
At 1 November 2011	-	-
Acquisition of subsidiary	11,596	-
Interest income	323	-
Actuarial gains	394	-
Contributions by employer	88	-
Benefits paid	(81)	-
	<u>12,320</u>	<u>-</u>
At 31 October 2012		

The major categories and fair values of scheme assets at the end of the reporting period are as follows

	<b>Expected return</b>		<b>Fair value of assets</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>%</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>
Equities	6.00	-	5,424	-
Bonds	4.20	-	5,654	-
Property	6.00	-	1,226	-
Cash	2.00	-	16	-
			<u>12,320</u>	<u>-</u>

The expected rate of return for each material investment class are based on fixed gilts as at the accounting date for equities and premiums, the annualised yield on iBoxx AA rated Corporate Bond Index as the accounting date for Bonds and the Bank of England base rate for cash

The overall expected long term rate of return on assets at the relevant date has been determined as a weighted average of the expected returns for each asset class held by the scheme



# **All Leisure group plc**

## **Notes to the Consolidated Financial Statements**

### **For the year ended 31 October 2012**

#### **35 Retirement benefit schemes (continued)**

##### **Defined benefit schemes (continued)**

The Group will contribute £440,000 to its defined benefit scheme in the next financial year

In accordance with the recovery plan, dated 26 September 2012, the Group will pay contributions of £440,000 each year until 2022 in order to eliminate the deficit

#### **36 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 Cruise Fleet Director (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 29 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 four counterparties to secure delivery of the majority of the budgeted quantity of foreign currency for the year ended 31 October 2013. It has also entered into a number of contracts for the minority of the budgeted requirements for the year ended 31 October 2014. 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 in order 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 2013 is approximately 200% of the current budgeted requirement, the minimum is approximately 80% of the requirement.

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**36 Financial Instruments (continued)**

**b) Currency risk management (continued)**

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.

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

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
£ Sterling	9,437	1,879
US Dollar	5,138	3,581
Euro	5,613	1,323
Other	3,620	416
	<b>23,808</b>	<b>7,199</b>

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

	<b>2012</b>	<b>2011</b>
US dollar	1.6111	1.6141
Euro	1.2433	1.1572

**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 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 2011*).

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**36 Financial Instruments (continued)**

**d) Credit risk (continued)**

	Location of funds	International Credit rating	2012 £'000	2011 £'000
Allied Irish Bank plc	England	Aa3 [Aa3]	8,541	3,081
Lloyds Banking Group plc	England	A2 [A1]	10,891	589
Bank of Scotland	England		2,988	-
Investec Bank plc	England	-[-]	621	-
Intesa Sanpaolo	Italy	Aa2[Aa2]	-	2,545
First Data Corporation	United States	B3 [B3]	466	464
SunTrust Bank	United States	Baa1[Baa1]	111	482
Other			190	38
Total			<u>23,808</u>	<u>7,199</u>

The exposure of the fuel derivatives with any individual counterparty was not material in the current or prior financial year

Trade receivables primarily constitute amounts receivable from ATOL bonded travel agents

With the exception of one material counterparty, the receivable amounts were subject to insignificant credit risk. Please refer to note 22 for details of the Group's exposure in respect of trade receivables, and provisions for impairment against them, for the year ended 31 October 2012

**e) Interest rate risk**

The Group has interest rate risk arising on the rates receivable on deposits placed with banks and other financial institutions. The Group is also exposed to interest rate risk on borrowed funds, albeit as the rate is fixed, the risk is not high. 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 during the summer season (July) 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. However, if required the Group will agree terms with certain suppliers to stagger and delay payments until higher cash levels are reached. 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.

**All Leisure group plc**  
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**36. Financial Instruments (continued)**

**f) Liquidity risk (continued)**

At 31 October 2012	Less than 30 days £'000	31 to 90 days £'000	91 to 180 days £'000	181 to 365 days £'000	More than 1 year £'000	Total £'000
Borrowings	-	-	(580)		(5,202)	(5,782)
Deferred income	(15,521)	-	-	-	-	(15,521)
Accruals	(7,276)	-	-	-	-	(7,276)
Short term operating liabilities	(23,519)	-	-	-	-	(23,519)
Total non-derivative liabilities	(46,316)	-	(580)	-	(5,202)	(52,098)
Derivatives	(132)	(257)	(79)	(12)	(347)	(827)
Total liabilities	(46,448)	(257)	(659)	(12)	(5,549)	(52,925)
At 31 October 2011	Less than 30 days £'000	31 to 90 days £'000	91 to 180 days £'000	181 to 365 days £'000	More than 1 year £'000	Total £'000
Deferred income	(5,377)	-	-	-	-	(5,377)
Accruals	(4,175)	-	-	-	-	(4,175)
Short term operating liabilities	(7,258)	-	-	-	-	(7,258)
Total non-derivative liabilities	(16,810)	-	-	-	-	(16,810)
Derivatives	4	20	(27)	(22)	(1,274)	(1,299)
Total liabilities	(16,806)	20	(27)	(22)	(1,274)	(18,109)

The loan is secured against mv Voyager, albeit limited to the principal and interest outstanding. Please see note 23 for further details.

In respect of deferred income, the Group sells cruises, guided tours and related services in advance of the departure of the relevant cruise or guided tour holiday. 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 or guided tour holiday contract, the Group is contracted to refund amounts received in advance, at the request of the customer, under the following conditions:

	Amount of refund
<b>Cruise cancelled prior to departure</b>	
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

**All Leisure group plc**  
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**36 Financial Instruments (continued)**

**f) Liquidity risk (continued)**

<b>Guided tour holiday cancelled prior to departure</b>	<b>Amount of refund</b>
After payment of deposit	Loss of deposit
85-111 days before departure	Loss of deposit
71-84 days before departure	70% of invoiced charge
57-70 days before departure	50% of invoiced charge
43-56 days before departure	25% of invoiced charge
29-42 days before departure	10% of invoiced charge
28 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 and 70% of the invoiced amount, in the event of customers seeking to cancel guided tour holidays. The Group considers that this risk is minimal, due to the low number of customer cancelled cruises and holidays, which totalled £115,000 (2011 £316,000) for cruise holidays and £781,000 (2011 £nil) for guided tour holidays in the year.

**Trading facilities**

At 31 October 2012, the Group had available £79,066,000 (2011 £65,525,000) of trading facilities.

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

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
- Fuel	7,643	7,143
- Foreign currency	51,710	48,882
- Other	19,713	9,500
	<u>79,066</u>	<u>65,525</u>

**All Leisure group plc**  
**Notes to the Consolidated Financial Statements**  
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**36 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

<b>At 31 October 2012</b>	<b>Fair value through profit and loss (FVTPL) £'000</b>	<b>Loans and receivables £'000</b>	<b>Financial liabilities at amortised cost £'000</b>	<b>Total £'000</b>	<b>Fair value £'000</b>
<b>Financial assets</b>					
Trade receivables	-	1,770	-	1,770	1,770
Other receivables	-	2,355	-	2,355	2,355
Derivatives	247	-	-	247	247
Restricted bank balances					
- Current	-	5,566	-	5,566	5,566
Cash and cash equivalents	-	18,242	-	18,242	18,242
<b>Total financial Assets</b>	<b>247</b>	<b>27,933</b>	<b>-</b>	<b>28,180</b>	<b>28,180</b>
<b>Financial liabilities</b>					
Trade payables	-	-	23,519	23,519	23,519
Borrowings due within one year	-	-	580	580	580
Borrowings due after one year	-	-	5,202	5,202	5,202
Derivatives	827	-	-	827	827
Deferred income	-	-	15,521	15,521	15,521
Accruals	-	-	7,276	7,276	7,276
<b>Total financial liabilities</b>	<b>827</b>	<b>-</b>	<b>52,098</b>	<b>52,925</b>	<b>52,925</b>

**All Leisure group plc**  
**Notes to the Consolidated Financial Statements**  
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**36. Financial Instruments (continued)**

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

<b>At 31 October 2011</b>	<b>Fair value through profit and loss (FVTPL) £'000</b>	<b>Loans and receivables £'000</b>	<b>Financial liabilities at amortised cost £'000</b>	<b>Total £'000</b>	<b>Fair value £'000</b>
<b>Financial assets</b>					
Trade receivables	-	937	-	937	937
Other receivables	-	2,548	-	2,548	2,548
Derivatives	257	-	-	257	257
Restricted bank balances					
- Current	-	464	-	464	464
Cash and cash equivalents	-	6,735	-	6,735	6,735
<b>Total financial Assets</b>	<b>257</b>	<b>10,684</b>	<b>-</b>	<b>10,941</b>	<b>10,941</b>
<b>Financial liabilities</b>					
Trade payables	-	-	7,258	7,258	7,258
Derivatives	1,299	-	-	1,299	1,299
Deferred income	-	-	5,377	5,377	5,377
Accruals	-	-	4,175	4,175	4,175
<b>Total financial liabilities</b>	<b>1,299</b>	<b>-</b>	<b>16,810</b>	<b>18,109</b>	<b>18,109</b>

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.

**All Leisure group plc**  
**Notes to the Consolidated Financial Statements**  
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**36 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**

	<b>Fair Value</b>	
	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Buy US dollars</b>		
3 to 6 months	-	(60)
Over 12 months	(315)	(1,264)
	<u>(315)</u>	<u>(1,324)</u>
<b>Buy Euros</b>		
Over 12 months	(32)	18
	<u>(32)</u>	<u>18</u>



**All Leisure group plc**  
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**36 Financial instruments (continued)**

**h) Derivative instruments (continued)**

**Foreign currency forward exchange contracts**

	<b>Fair Value</b>	
	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Buy US dollars</b>		
Less than 3 months	38	24
3 to 6 months	-	33
6 to 12 months	(16)	(22)
Over 12 months	(31)	(28)
	<u>(9)</u>	<u>7</u>
<b>Buy Euros</b>		
Less than 3 months	(290)	-
3 to 6 months	(48)	-
	<u>(338)</u>	<u>-</u>
<b>Buy others</b>		
Less than 3 months	(44)	-
3 to 6 months	(6)	-
6 to 12 months	9	-
	<u>(41)</u>	<u>-</u>

**Fuel swap contracts**

	<b>Fair Value</b>	
	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Buy Rotterdam barge +3.5%</b>		
Less than 6 months	55	181
6 -12 months	80	38
Greater than 12 months	22	38
	<u>157</u>	<u>257</u>

**All Leisure group plc**  
**Notes to the Consolidated Financial Statements**  
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**36 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 2012 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 positive impact on valuation whereas the closer spot moves to US\$1.80, a one cent movement will have a US\$1.0m negative 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 yearend 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	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
<b>Rotterdam barge +3.5% price</b>				
Strengthens by 10%	16	26	16	26
Weakens by 10%	(16)	(26)	(16)	(26)

**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 yearend 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.

**All Leisure group plc**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 31 October 2012**

**36. Financial Instruments (continued)**

**i) Sensitivity analysis (continued)**

	Income statement		Equity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
<b>Sterling strengthens by 10%</b>				
Other	(262)	(229)	(255)	(245)
<b>Sterling weakens by 10%</b>				
Other	321	280	311	299

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.

**Interest rate sensitivity analysis**

No analysis of interest rate sensitivity is included on the basis interest rates are fixed and income from deposits is immaterial.

**37. Events after the balance sheet date**

The investment property included at the balance sheet date as an asset held for sale was sold on 6 December 2012 for £250,000.

**38. 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		Amounts owed to related parties	
	Years ended 31 October		At 31 October	
	2012 £	2011 £	2012 £	2011 £
Roger Allard Limited	174,276	174,276	24,275	17,241
PB Consultancy Services Limited	39,835	43,547	4,728	4,202

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.

**All Leisure group plc**  
**Notes to the Consolidated Financial Statements**  
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**38 Related party transactions (continued)**

**Trading transactions (continued)**

On 15 May 2012, All Leisure Group PLC acquired 100% of the issued share capital of Page & Moy Travel Group Limited ("PMTGL"), on a debt free basis, for a consideration of £3.3m. The consideration was funded with a £5.8m loan from a consortium of individual investors, some of whom were related parties. The lenders who meet the definition of related parties, and the amounts loaned to the Group are as follows:

	Loan Amount		Interest accrued	
	Year ended 31 October		At 31 October	
	2012	2011	2012	2011
	£	£	£	£
R J Allard and interests	4,400,000	-	142,608	-
N J Jenkins	250,000	-	12,964	-
D A Wiles and interests	400,000	-	8,103	-

N J Jenkins is a director and shareholder in All Leisure group plc. D A Wiles is a director of All Leisure Holidays Limited, a subsidiary of All Leisure group plc.

**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 11.

	2012	2011
	£'000	£'000
Short-term employee benefits	2,249	1,855
Post employment benefits	177	94

**39 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 2012 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 2012 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**

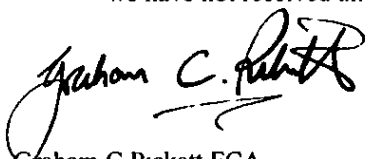
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

## **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

18 February 2013

**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.

## All Leisure group plc

### Company Balance Sheet As at 31 October 2012

	Note	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Tangible assets	c	250	275
Investments in subsidiary undertakings	d	14,688	16,048
		<u>14,938</u>	<u>16,323</u>
<b>Current assets</b>			
Debtors	e	1,175	1,104
		<u>1,175</u>	<u>1,104</u>
<b>Creditors Amounts falling due within one year</b>	f	(34)	(204)
<b>Net current assets</b>		<u>1,141</u>	<u>900</u>
<b>Total assets less current liabilities</b>		<u>16,079</u>	<u>17,223</u>
<b>Capital and reserves</b>			
Called-up share capital	g, h	617	617
Share premium account	h	13,346	13,346
Revaluation reserve	h	185	210
Profit and loss account	h	1,931	3,050
<b>Shareholders' funds</b>	h	<u>16,079</u>	<u>17,223</u>

The financial statements of All Leisure group plc, registered number 01609517, were approved by the Board of directors and authorised for issue on 18 February 2013

Signed on behalf of the Board of Directors



C J Gadsby  
Director

## All Leisure group plc

### Notes to the Company Financial Statements For the year ended 31 October 2012

#### 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 34 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.



## All Leisure group plc

### Notes to the Company Financial Statements For the year ended 31 October 2012

#### b Loss 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 £514,000 (2011 – loss £883,000)

The auditors' remuneration for audit and other services is disclosed 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

The Company had no employees other than the Directors. Their emoluments are shown in note 11 to the consolidated financial statements of All Leisure group plc

#### c. Tangible fixed assets

	Investment property £'000
<b>Revalued amount</b>	
At 1 November 2011 and 31 October 2012	275
<b>Accumulated depreciation</b>	
At 1 November 2011	-
Impairment loss	(25)
At 31 October 2012	(25)
<b>Carrying amount</b>	
At 31 October 2012	250
At 1 November 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 was sold on 6 December 2012 for £250,000.

The historic cost of this investment property is £65,000 (2011 £65,000)

## All Leisure group plc

### Notes to the Company Financial Statements For the year ended 31 October 2012

#### d Investments in subsidiary undertakings

	Loans to subsidiary undertakings £'000	Investment in subsidiary undertakings £'000	Total £'000
<b>Cost</b>			
At 1 November 2011	15,998	50	16,048
Movement	(1,360)	-	(1,360)
At 31 October 2012	14,638	50	14,688
<b>Carrying amount</b>			
At 31 October 2012	14,638	50	14,688
At 1 November 2011	15,998	50	16,048

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.

The Company holds 100% of the issued share capital of the following companies directly and controls 100% of the voting rights. Details of investments which are not significant have been omitted.

Company	Country of registration or incorporation	Principal activity	Class of shares held	Holding %
All Leisure Holidays Ltd +	England and Wales	Tour Operator	Ordinary	100
Atholl Shipping Corporation Ltd +	Bahamas	Ship Operator	Ordinary	100
Worldwide Voyages of Discovery Ltd	England and Wales	Transport Services	Ordinary	100
Page & Moy Travel Group Ltd	England and Wales	Holding Company	Ordinary	100
Page & Moy Travel Group Air Holidays Ltd	England and Wales	Tour Operator	Ordinary	100
Page & Moy Air Transport Services Ltd	England and Wales	Transport Services	Ordinary	100
Page & Moy Pension Scheme Trustee Company Ltd	England and Wales	Trustees	Ordinary	100
Page & Moy Properties Ltd	England and Wales	Property	Ordinary	100
Page & Moy Travel Group Surface Holidays Ltd	England and Wales	Tour Operator	Ordinary	100
Page & Moy Surface Transport Services Ltd	England and Wales	Transport Services	Ordinary	100

+ Held directly by All Leisure group plc

# All Leisure group plc

## Notes to the Company Financial Statements For the year ended 31 October 2012

### e Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	1,171	1,092
Prepayments and accrued income	4	12
	<u>1,175</u>	<u>1,104</u>

### f Creditors

	2012 £'000	2011 £'000
Amounts falling due within one year:		
Other creditors	-	136
Accruals and deferred income	34	68
	<u>34</u>	<u>204</u>

### g. Called-up share capital

	2012 £'000	2011 £'000
Issued and fully paid:		
61,744,777 (2011 – 61,744,777) ordinary shares of 1p each	<u>617</u>	<u>617</u>

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 29 to the consolidated financial statements of All Leisure group plc

## All Leisure group plc

### Notes to the Company Financial Statements For the year ended 31 October 2012

#### 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	2012 Total £'000	2011 Total £'000
At 1 November	617	13,346	210	3,050	17,223	19,310
Impairment loss	-	-	(25)	-	(25)	-
Loss for the financial year	-	-	-	(514)	(514)	(883)
Dividends paid (*)	-	-	-	(605)	(605)	(1,204)
At 31 October	<u>617</u>	<u>13,346</u>	<u>185</u>	<u>1,931</u>	<u>16,079</u>	<u>17,223</u>

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 £52,000 (2011: £54,000)

(\*) As disclosed in note 15 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 38 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