

Hoseasons Holidays Abroad Limited  
Annual report  
for the year ended 31 October 2002

Registered Number 1814765



# **Hoseasons Holidays Abroad Limited**

## **Annual report for the year ended 31 October 2002**

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# **Hoseasons Holidays Abroad Limited**

## **Directors and advisors**

### **Directors**

K E Gaylard

R W Overy

P E Temple

Y J Borg

T J Fullam

### **Secretary**

P E Temple

### **Registered auditors**

PricewaterhouseCoopers

The Atrium

St Georges Street

Norwich

NR3 1AG

### **Solicitors**

Nicholsons

Roman Lodge

23 Alexandra Road

Lowestoft

Suffolk

NR32 1PP

### **Registered Office**

Sunway House

Raglan Road

Lowestoft

Suffolk

NR32 2LW

### **Bankers**

Barclays Bank plc

20 Bank Plain

Norwich

Norfolk

NR2 4RQ

# **Hoseasons Holidays Abroad Limited**

## **Directors' report for the year ended 31 October 2002**

The directors submit their report together with the audited financial statements for the year ended 31 October 2002.

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

The principal activity of the company is the marketing of holidays outside the United Kingdom. All-Canada, a division of the Company, acting as tour operator for marketing package holidays in North America and Canada, ceased trading and the trading name was sold on 2 September 2002.

The profit and loss account for the year is set out on page 5.

The level of continuing business and the financial position at the year end were satisfactory and the directors expect that the present level of activity of the company will continue for the foreseeable future.

### **Results and dividends**

The loss on the ordinary activities of the company before taxation amounted to £300,549 (2001: Profit of £128,953).

The directors recommend the payment of a dividend of £400,000. (2001: £Nil).

After deducting dividends, the loss of £610,323 (2001: Profit of £96,617) has been transferred to reserves.

### **Directors**

The directors, who held office throughout the year are as follows:-

K E Gaylard  
R W Overy  
P E Temple  
Y J Borg  
T J Fullam

None of the directors had an interest in the shares of the company at any time in the year.

The interests of the directors at 31 October 2002 in the share capital of the ultimate parent company are disclosed in that company's accounts.

### **Auditors**

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, a resolution to appoint the new firm, PricewaterhouseCoopers LLP, as auditors to the company will be proposed at the annual general meeting.

By order of the Board



**P E Temple**  
Company Secretary

# **Hoseasons Holidays Abroad Limited**

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on new accounting standards in the year as explained under note 1. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 October 2002, and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

A handwritten signature in black ink, appearing to be 'P E Temple', written over a horizontal line.

**P E Temple**  
**Company Secretary**

# Hoseasons Holidays Abroad Limited

## Independent auditors' report to the Members of Hoseasons Holidays Abroad Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.


### Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 October 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Norwich

24 January 2003

# Hoseasons Holidays Abroad Limited

## Profit and loss account for the year ended 31 October 2002

	Notes	2002 £	2001 £
<b>Turnover</b>			
Continuing operations		3,950,081	3,229,099
Discontinued operations		5,454,836	9,806,176
<b>Total turnover</b>	2	9,404,917	13,035,275
<b>Cost of sales</b>			
Continuing operations		(2,485,231)	(2,053,738)
Discontinued operations		(4,278,095)	(7,781,928)
<b>Total cost of sales</b>		(6,763,326)	(9,835,666)
<b>Gross profit</b>			
Continuing operations		1,464,850	1,175,361
Discontinued operations		1,176,741	2,024,248
<b>Total gross profit</b>		2,641,591	3,199,609
<b>Administrative expenses</b>			
Continuing operations		(1,216,112)	(1,096,434)
Discontinued operations		(1,822,659)	(2,065,902)
<b>Total administrative expenses</b>		(3,038,771)	(3,162,336)
<b>Operating (loss) / profit</b>			
Continuing operations		248,738	78,927
Discontinued operations		(645,918)	(41,654)
<b>Total operating (loss) / profit</b>	3	(397,180)	37,273
Profit on sale of an operation		50,000	-
Interest receivable and similar income	6	48,288	92,939
Interest payable and similar charges	7	(1,657)	(1,259)
<b>(Loss) / profit on ordinary activities before taxation</b>		(300,549)	128,953
Tax on (loss) / profit on ordinary activities	8	90,226	(32,336)
<b>(Loss) / profit on ordinary activities after taxation</b>		(210,323)	96,617
Proposed dividend	9	(400,000)	-
<b>Retained (loss) / profit for the year</b>	15	(610,323)	96,617

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The company has no recognised gains or losses other than the losses / profits above and therefore no separate statement of total recognised gains and losses has been presented.

# Hoseasons Holidays Abroad Limited

## Balance sheet as at 31 October 2002

	Notes	2002 £	2001 £
<b>Fixed Assets</b>			
Tangible fixed assets	10	5,233	10,296
<b>Current assets</b>			
Debtors	11	187,778	163,305
Prepayments	11	64,787	161,009
Total debtors	11	252,565	324,314
Cash at bank and in hand		1,156,117	1,370,753
		1,408,682	1,695,067
<b>Creditors: amounts falling due within one year</b>	12	(788,421)	(466,190)
<b>Net current assets</b>		620,261	1,228,877
<b>Total assets less current liabilities</b>		625,494	1,239,173
<b>Creditors: amounts falling due after more than one year</b>	13	(245,000)	(248,356)
<b>Net assets</b>		380,494	990,817
<b>Capital and reserves</b>			
Called up share capital	14	50,000	50,000
Profit and loss account	15	330,494	940,817
<b>Equity shareholders' funds</b>	16	380,494	990,817

The financial statements on pages 5 to 16 were approved by the board of directors on 22 January 2003 and were signed on its behalf by:



Director



# **Hoseasons Holidays Abroad Limited**

## **Notes to the financial statements for the year ended 31 October 2002**

### **1. Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies which, save for the treatment of deferred taxation, have been applied consistently is set out below.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

#### **Adoption of Financial Reporting Standard No 19**

In accordance with the provisions of Financial Reporting Standard No 19 – Deferred Taxation, an undiscounted provision is made for deferred tax using the incremental liability method for timing differences between profits as stated in the financial statements and as computed for taxation purposes. This represents a change in accounting policy. There is no effect on the net assets of the company in either the current or prior years.

#### **Turnover**

Turnover represents the invoiced value of holidays sold as principal and commissions earned from holidays sold as agents. It includes commissions earned in respect of cancellation plan and personal insurance taken out by customers.

Turnover is recognised from the date holidays are taken.

Turnover excludes value added tax.

#### **Fixed assets**

The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition.

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets over their expected useful economic lives. The rates applicable are:

Motor vehicles	25% reducing balance
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#### **Finance leases**

Leasing arrangements which transfer to the company substantially all the benefits and costs of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged against profit so as to give a consistent periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease term and the useful economic life of equivalent owned assets.

#### **Translation of foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling on the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the

# Hoseasons Holidays Abroad Limited

transaction. Significant differences arising due to exchange fluctuations have been reflected in the profit and loss account.

## **Pensions**

The company, together with Hoseasons Holidays Limited and Hoseasons Marketing Services Limited is a member of a defined benefit pension scheme operated by the Hoseasons Group.

The Group is applying the transitional provisions of Financial Reporting Standard No.17 "Retirement Benefits" this year. In the opinion of the directors, it is not possible to separately identify the proportion of the pension schemes' assets and liabilities attributable to the company. As a result, the financial statements do not include the transitional disclosures required by FRS 17. Furthermore, once the full provisions of FRS 17 apply, the company will account for the defined benefit scheme as if it were a defined contribution scheme. The FRS 17 disclosures are provided in the financial statements of Hoseasons Group Limited.

Details of the scheme are set out in note 17 to the financial statements.

The assets of the scheme are held separately from those of the company, being invested with an insurance company and a merchant bank. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employee's working lives with the company. The contributions have been determined by a qualified actuary using the projected unit method.

The company is also a member of a defined contribution scheme for which contributions due are charged to the profit and loss account as they become payable.

## **Cash flow statement and related party disclosures**

The company is a wholly owned subsidiary of Hoseasons Group Limited and is included in the consolidated financial statements of Hoseasons Group Limited. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard No. 8 from the requirement to disclose details of transactions with other group undertakings.

## **Prepayments**

All expenditure which can reasonably be identified against the following year's advertising campaign and brochure preparation cost is treated in these accounts as a prepayment.

## **2. Turnover**

The turnover and operating profit/(loss) for the year were derived from the company's principal activity, which was carried out principally in the UK.

# Hoseasons Holidays Abroad Limited

## 3. Operating (loss) / profit

The operating (loss) / profit is stated after charging / (crediting) the following amounts:

	2002 £	2001 £
Depreciation – owned assets	828	1,106
- assets held under finance leases	1,745	2,326
Loss/(Profit) on foreign exchange	308,074	(27,557)
Profit on disposal of fixed assets	11	-
Auditors' remuneration – for audit services	9,750	9,500
- for non audit services	2,050	2,000

The loss on exchange for the year was generated as a result of converting surplus foreign currencies. The surplus of currencies arose due to the downturn in tour operation trade during the year following events of 11 September 2001 and the adverse movements on exchange rates.

## 4. Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2002 Number	2001 Number
Selling and administration	25	31

Staff costs during the year were as follows:

	2002 £	2001 £
Wages and salaries	293,117	323,129
Social security costs	21,278	28,140
Pension costs (note 17)	9,923	9,670
	324,318	360,939

# Hoseasons Holidays Abroad Limited

## 5. Directors' emoluments

The directors received no emoluments from the company during the year (2001: nil).

## 6. Interest receivable and similar income

	2002	2001
	£	£
Interest received on bank deposits	48,288	92,939

## 7. Interest payable and similar charges

	2002	2001
	£	£
Interest payable on finance leases	1,657	1,259

## 8. Tax on (loss) / profit on ordinary activities

	2002	2001
	£	£
UK corporation tax at 30% (2001: 25.08%)	-	10,000
Amount receivable from group undertakings for group relief	(88,280)	-
Amount payable to parent undertaking in respect of tax saved by group relief	-	26,663
(Over) provision in respect of prior years	-	(4,327)
Current tax (credit) / charge	(88,280)	32,336
Deferred taxation @ 30%	(1,946)	-
	(90,226)	32,336

## Hoseasons Holidays Abroad Limited

Factors affecting taxation (credit) / charge in year

	2002	2001
	£	£
(Loss) / profit on ordinary activities before taxation	(300,549)	128,953
UK Corporation tax at 30%	(90,165)	38,686
Permanent timing differences	9	3,000
(Over) provision in respect of prior years	-	(4,327)
Capital allowances in excess of depreciation	-	(23)
Depreciation in excess of capital allowances	1,876	-
Tax saved as a result of applying a 20% rate to remaining profits chargeable to tax	-	(5,000)
<b>Current tax (credit) / charge for the year</b>	<b>(88,280)</b>	<b>32,336</b>

### 9. Dividends

	2002	2001
	£	£
Final proposed : £8.00 per share (2001: £Nil)	400,000	-

# Hoseasons Holidays Abroad Limited

## 10. Tangible fixed assets

	Motor Vehicles £
<b>Cost</b>	
At 1 November 2001	26,389
Disposals	(13,984)
<b>At 31 October 2002</b>	<b>12,405</b>
<b>Depreciation</b>	
At 1 November 2001	16,093
Charge for the year	2,573
Disposals	(11,494)
<b>At 31 October 2002</b>	<b>7,172</b>
<b>Net Book Value</b>	
<b>31 October 2002</b>	<b>5,233</b>
At 31 October 2001	10,296

Assets held under finance leases capitalised in motor vehicles.

	2002 £	2001 £
Cost	12,405	12,405
Aggregate depreciation	(7,172)	(5,427)
Net book value	5,233	6,978

# Hoseasons Holidays Abroad Limited

## 11. Debtors

Amounts falling due within one year	2002 £	2001 £
Trade debtors	35,268	35,421
Amounts owed by group undertakings	-	48
Other debtors	11,093	43,873
Amounts receivable from group undertakings in respect of group relief of tax losses	88,280	-
Corporation tax	1,671	-
Deferred tax asset	1,946	-
Other taxes and social security	49,520	83,963
	187,778	163,305
Prepayments	64,787	161,009
	252,565	324,314

The prepayments figure of £64,787 (2001: £161,009) relates to brochure costs for the 2003 season.

<b>Deferred taxation asset</b>	£
Asset at 1 November 2001	-
Credit for tax year	1,946
Asset at 31 October 2002	1,946

The deferred taxation assets are:

	Amount Provided	
	2002 £	2001 £
Tax effect of timing differences because of :		
Excess of depreciation over capital allowances	1,946	-
	1,946	-

# Hoseasons Holidays Abroad Limited

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

	2002	2001
	£	£
Trade creditors	190,329	254,040
Amounts due to group undertakings	181,574	162,391
Amount due to group undertakings in respect of group taxation relief	-	26,663
Proposed dividend	400,000	-
Corporation tax	-	8,329
Finance leases (note 13)	3,356	3,356
Accruals and deferred income	13,162	11,411
	<b>788,421</b>	<b>466,190</b>

## 13. Creditors: Amounts falling due after one year

	2002	2001
	£	£
Finance leases	-	3,356
Subordinated loan	245,000	245,000
	<b>245,000</b>	<b>248,356</b>

The subordinated loan is unsecured and bears no interest. The loan cannot be repaid without prior written consent from the Civil Aviation Authority.

### Finance leases

Future minimum payments under finance leases are as follows:

	2002	2001
	£	£
Within one year	3,860	3,860
In more than one year, but not more than five years	-	3,910
Total gross payments	3,860	7,770
Less: finance charges included above	(504)	(1,058)
	<b>3,356</b>	<b>6,712</b>



# Hoseasons Holidays Abroad Limited

## 14. Called up share capital

	2002	2001
	£	£
<b>Authorised</b>		
50,000 ordinary shares of £1 each	50,000	50,000
	2002	2001
	£	£
<b>Allotted, called up, issued and fully paid</b>		
50,000 ordinary shares of £1 each	50,000	50,000

## 15. Profit and loss account reserve

	Profit and loss account
	£
<b>At 1 November 2001</b>	940,817
Loss for the year	(210,323)
Dividend proposed	(400,000)
<b>At 31 October 2002</b>	330,494

## 16. Reconciliation of movements in shareholders' funds

	2002	2001
	£	£
(Loss) / profit for the financial year	(210,323)	96,617
Dividends proposed	(400,000)	-
Opening shareholder's funds	990,817	894,200
Closing shareholders' funds	380,494	990,817

# **Hoseasons Holidays Abroad Limited**

## **17. Pensions**

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with an insurance company and a subsidiary of a merchant bank. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the basis of a valuation using the projected unit method. The assumptions, which have the most significant effect on the result of the valuation, are those relating to the rate of return on the investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 8% per annum, that salary increases would average 6% per annum and that present and future pensions would increase to the extent required by legislation.

The valuation of the defined benefit pension scheme carried out as at 1 November 1999 showed that the market value of the scheme's assets was £3,114,000 and that the actuarial value of those assets represented 164% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the employees are 0% for scheme A and 5% for Schemes B & C and those of the company are 12.6% of the pensionable payroll for Scheme A members and 5.7% for Schemes B & C.

The company also operates defined contribution arrangements in respect of hourly paid staff and senior staff. The assets of these arrangements are held separately from those of the company, being invested with insurance companies.

The pension charge for the year was £9,923 (2001: £9,670).

## **18. Ultimate and immediate parent company and controlling party**

The company is a wholly owned subsidiary of Hoseasons Holidays Limited, which is registered in England and Wales. According to the register kept by the company, Hoseasons Holidays Limited has a 100% interest in the share capital of the company at 31 October 2002.

The directors regard Hoseasons Group Limited as the ultimate parent company.

According to the register kept by Hoseasons Group Limited, funds managed by ECI Ventures Limited have a significant interest in the 'A' ordinary shares and a significant interest in the 'A' Redeemable ordinary shares of Hoseasons Group Limited. The directors regard ECI Ventures Limited as the ultimate controlling party.

Copies of the consolidated financial statements of Hoseasons Group Limited can be obtained from the Secretary, Sunway House, Raglan Road, Lowestoft, Suffolk NR32 2LW.