

Hoseasons Holidays Abroad Limited
Annual report
for the year ended 31 October 2003

Registered Number 1814765



Hoseasons Holidays Abroad Limited

Annual report for the year ended 31 October 2003

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Hoseasons Holidays Abroad Limited

Directors and advisors

Directors

R J Carrick

P E Temple

Y J Borg

T J Fullam

Secretary

P E Temple

Registered auditors

KPMG LLP

6 Lower Brook Street

Ipswich

Suffolk

IP4 1AP

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

61 London Road North

Lowestoft

Suffolk

NR32 1LT

Hoseasons Holidays Abroad Limited

Directors' report for the year ended 31 October 2003

The directors submit their report together with the audited financial statements for the year ended 31 October 2003.

Principal activity and review of business

The principal activity of the company is the marketing in the UK of holidays in continental Europe.

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 reflect continued difficult market conditions. The directors are optimistic that the business will return to profit in the foreseeable future

Results and dividends

The loss on the ordinary activities of the company before taxation amounted to £58,282 (2002: Loss of £300,549).

The directors recommend the payment of a dividend of £100,000. (2002: £400,000).

After deducting dividends, the loss of £142,517 (2002: Loss of £610,323) has been transferred to reserves.

Directors

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

K E Gaylard	(resigned 19 December 2003)
R J Carrick	(appointed 22 October 2003)
R W Overy	(resigned 19 June 2003)
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 2003 in the share capital of the ultimate parent company are disclosed in that company's accounts.

Auditors

KPMG LLP were appointed during the year. In accordance with s384 of the Companies Act 1985, a resolution to re-appoint KPMG LLP, as auditors to the company will be proposed at the annual general meeting.

By order of the Board



P E Temple
Company Secretary
Sunway House
Raglan Road
Lowestoft
Suffolk
NR32 2LW

Hoseasons Holidays Abroad Limited

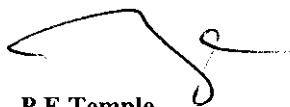
Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board



P E Temple
Company Secretary

Hoseasons Holidays Abroad Limited

Report of the independent auditors' to the members of Hoseasons Holidays Abroad Limited

We have audited the financial statements on pages 5 to 15.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

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 affairs of the company's affairs as at 31st October 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants and Registered Auditors
Ipswich

23 January 2004

Hoseasons Holidays Abroad Limited

Profit and loss account for the year ended 31 October 2003

	Notes	2003	2002
		£	£
Turnover			
Continuing operations		4,371,437	3,950,081
Discontinued operations		-	5,454,836
Total turnover	2	4,371,437	9,404,917
Cost of sales			
Continuing operations		(2,928,331)	(2,485,231)
Discontinued operations		-	(4,278,095)
Total cost of sales		(2,928,331)	(6,763,326)
Gross profit / (loss)			
Continuing operations		1,443,106	(1,464,850)
Discontinued operations		-	(1,176,741)
Total gross profit / (loss)		1,443,106	(2,641,591)
Administrative expenses			
Continuing operations		(1,525,418)	(1,216,112)
Discontinued operations		-	(1,822,659)
Total administrative expenses		(1,525,418)	(3,038,771)
Operating loss			
Continuing operations		(82,312)	248,738
Discontinued operations		-	(645,918)
Total operating loss	3	(82,312)	(397,180)
Profit on sale of an operation		-	50,000
Interest receivable and similar income	6	27,186	48,288
Interest payable and similar charges	7	(3,156)	(1,657)
Loss on ordinary activities before taxation		(58,282)	(300,549)
Tax on loss on ordinary activities	8	15,765	90,226
Loss on ordinary activities after taxation		(42,517)	(210,323)
Proposed dividend	9	(100,000)	(400,000)
Retained loss for the year	15	(142,517)	(610,323)

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 2003

	Notes	2003 £	2002 £
Fixed Assets			
Tangible fixed assets	10	-	5,233
Current assets			
Debtors	11	120,802	187,778
Prepayments	11	182,031	64,787
Total debtors	11	302,833	252,565
Cash at bank and in hand		543,895	1,156,117
		846,728	1,408,682
Creditors: amounts falling due within one year	12	(363,751)	(788,421)
Net current assets		482,977	620,261
Total assets less current liabilities		482,977	625,494
Creditors: amounts falling due after more than one year	13	(245,000)	(245,000)
Net assets		237,977	380,494
Capital and reserves			
Called up share capital	14	50,000	50,000
Profit and loss account	15	187,977	330,494
Equity shareholders' funds	16	237,977	380,494

The financial statements on pages 5 to 15 were approved by the board of directors on 20 January 2004 and were signed on its behalf by:

Director



Hoseasons Holidays Abroad Limited

Notes to the financial statements for the year ended 31 October 2003

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, have been applied consistently is set out below.

Basis of accounting

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

Deferred taxation

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.

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

Hoseasons Holidays Abroad Limited

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.

Pensions

The company, together with Hoseasons Holidays 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 Holdings 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 Holdings Limited and is included in the consolidated financial statements of Hoseasons Holdings 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 disclosing related party transactions with entities that are part of the Hoseasons Holdings Limited or investees of the Hoseasons Holdings Limited.

2. Turnover

The turnover excluding value added tax for the year was derived from the company's principal activity, which was carried out principally in the UK.

Hoseasons Holidays Abroad Limited

3. Operating loss

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

	2003	2002
	£	£
Depreciation - owned assets	1,308	828
- assets held under finance leases	-	1,745
(Profit)/loss on foreign exchange	(96,160)	308,074
Profit on disposal of fixed assets	-	11
Auditors' remuneration - for audit services	7,350	9,750
- for non audit services	3,600	2,050

The profit on exchange for the year was generated as a result of converting surplus foreign currencies.

4. Employee information

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

	2003	2002
	Number	Number
Selling and administration	2	25

Staff costs during the year were as follows:

	2003	2002
	£	£
Wages and salaries	15,244	293,117
Social security costs	1,518	21,278
Pension costs (note 17)	985	9,923
	17,747	324,318

Hoseasons Holidays Abroad Limited

5. Directors' emoluments

The directors received no emoluments from the company during the year (2002: nil).

6. Interest receivable and similar income

	2003	2002
	£	£
Interest received on bank deposits	27,186	48,288

7. Interest payable and similar charges

	2003	2002
	£	£
Interest payable on finance leases	3,156	1,657

8. Tax on loss on ordinary activities

	2003	2002
	£	£
UK corporation tax at 30% (2002: 30%)	-	-
Amount receivable from group undertakings for group relief	(17,711)	(88,280)
Current tax credit	(17,711)	(88,280)
Deferred taxation @ 30%	1,946	(1,946)
	(15,765)	(90,226)

The deferred tax movement represents the release of an asset recognised last year.

Hoseasons Holidays Abroad Limited

Factors affecting taxation (credit) / charge in year

	2003	2002
	£	£
Loss on ordinary activities before taxation	(58,282)	(300,549)
UK Corporation tax at 30%	(17,484)	(90,165)
Permanent timing differences	-	9
Capital allowances in excess of depreciation	(227)	-
Depreciation in excess of capital allowances	-	1,876
Current tax credit for the year	(17,711)	(88,280)

9. Dividends

	2003	2002
	£	£
Final proposed : £2.00 per share (2002: £8.00)	100,000	400,000

10. Tangible fixed assets

	Motor Vehicles
	£
Cost	
At 1 November 2002	12,405
Disposals	12,405
At 31 October 2003	-
Depreciation	
At 1 November 2002	7,172
Charge for the year	1,308
Disposals	8,480
At 31 October 2003	-
Net Book Value	
At 31 October 2003	-
At 31 October 2002	5,233

Hoseasons Holidays Abroad Limited

Assets held under finance leases capitalised in motor vehicles.

	2003	2002
	£	£
Cost	-	12,405
Aggregate depreciation	-	(7,172)
Net book value	-	5,233

11. Debtors

Amounts falling due within one year	2003	2002
	£	£
Trade debtors	31,314	35,268
Other debtors	8,441	11,093
Amounts receivable from group undertakings in respect of group relief of tax losses	17,711	88,280
Amounts receivable from group undertakings	61,665	-
Corporation tax	1,671	1,671
Deferred tax asset	-	1,946
Other taxes and social security	-	49,520
	120,802	187,778
Prepayments	182,031	64,787
	302,833	252,565

The prepayments figure of £182,031 (2002: £64,787) relates to brochure costs for the 2004 season.

Deferred taxation asset	£
Asset at 1 November 2002	1,946
Movement for year	(1,946)
Asset at 31 October 2003	-

The deferred taxation assets are:

	Amount Provided	
	2003	2002
	£	£
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

	2003	2002
	£	£
Trade creditors	110,935	190,329
Amounts due to group undertakings	137,288	181,574
Proposed dividend	100,000	400,000
Other taxes and social security	13,122	-
Finance leases (note 13)	-	3,356
Accruals and deferred income	2,406	13,162
	363,751	788,421

13. Creditors: Amounts falling due after one year

	2003	2002
	£	£
Subordinated loan	245,000	245,000
	245,000	245,000

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:

	2003	2002
	£	£
Within one year	-	3,860
In more than one year, but not more than five years	-	-
Total gross payments	-	3,860
Less: finance charges included above	-	(504)
	-	3,356

Hoseasons Holidays Abroad Limited

14. Called up share capital

	2003	2002
	£	£
Authorised		
50,000 ordinary shares of £1 each	50,000	50,000

	2003	2002
	£	£
Allotted, called up, issued and fully paid		
50,000 ordinary shares of £1 each	50,000	50,000

15. Profit and loss account reserve

	loss account £
At 1 November 2002	330,494
Loss for the year	(42,517)
Dividend proposed	(100,000)
At 31 October 2003	187,977

16. Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Loss for the financial year	(42,517)	(210,323)
Dividends proposed	(100,000)	(400,000)
Opening shareholder's funds	380,494	990,817
Closing shareholders' funds	237,977	380,494

Hoseasons Holidays Abroad Limited

17. Pensions

The company, together with Hoseasons Holidays Limited, 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 fund management company. 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 company. The contributions have been determined by a qualified actuary on 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 7% per annum, that salary increases would average 5% 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 2002 showed that the market value of the scheme's assets was £2,794,241 and that the actuarial value of those assets represented 96% 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 29.4% of the pensionable payroll for Scheme A members and 11.5% 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 £985 (2002: £9,923).

18. Ultimate and immediate parent company and controlling party

The directors regard Hoseasons Holdings Limited, a company incorporated in England, as the ultimate parent company.

According to the register kept by Hoseasons Holdings Limited, funds managed by Hg Capital have a significant interest in the Ordinary shares of that company.

According to the register kept by the company, Hoseasons Holidays Limited owns 100% of the ordinary shares of the company at 31 October 2003.

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