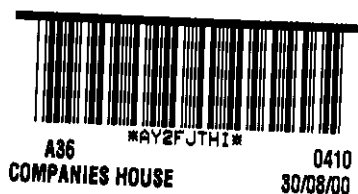


# **FIRST CHOICE TOUR OPERATIONS LIMITED**

## **Directors' Report and Financial Statements**

**For the year ended 31 October 1999**



**Company Number 1961830**

## **FIRST CHOICE TOUR OPERATIONS LIMITED**

### **DIRECTORS' REPORT**

**for the year ended 31 October 1999**

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### **FINANCIAL STATEMENTS**

The Directors present their report and financial statements of First Choice Tour Operations Limited for the year ended 31 October 1999.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is to act as an intermediate holding company.

### **RESULTS AND DIVIDENDS**

During the year the Company received no dividend income. The result for the year was a loss of £1,451 (1998: £nil). The Company did not conduct any business activity in the year except for an increase in investment in subsidiaries. The Directors do not propose a dividend for the year ended 31 October 1999 (1998: £nil).

A loss of £1,451 has been transferred from reserves.

### **DIRECTORS AND THEIR INTERESTS**

The Directors of the Company at the date of this report are:

First Choice Holidays & Flights Limited

D Howell

H Thomas

As at 31 October 1999, the interests of the Directors in the share capital of First Choice Holidays PLC, the ultimate parent Company, were as follows:

	-----Shares-----			-----Options-----			-----Restricted Shares-----		
	31 October 1999	31 October 1998	31 October 1998	Rights issue entitlement	Granted	Exercised	31 October 1999	31 October 1999	31 October 1998
Ordinary Shares									
H Thomas	5,000	10,000	3,734	-	-	-	3,724	68,575	68,575

## **FIRST CHOICE TOUR OPERATIONS LIMITED**

### **DIRECTORS' REPORT**

**for the year ended 31 October 1999**

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	No. of shares	Option exercise price(p)	Date first exercisable
H Thomas			
Restricted Share Plan	56,999	n/a	14 March 2000
Restricted Share Plan	11,576	n/a	5 October 2001
Savings Related Share Option Scheme	3,724	116.0p	1 November 2001

The interests of D Howell are disclosed in the accounts of First Choice Holidays PLC.

For full details of the above schemes, reference should be made to the Annual Report & Accounts of First Choice Holidays PLC.

### **YEAR 2000**

The Company established a programme, in association with other group companies, to meet the challenge posed by the Year 2000 issue. This established a dedicated team to identify the risks arising due to Year 2000 and to formulate a strategy and procedures to ensure that such risks are minimised or eliminated as appropriate.

### **AUDITORS**

The Company has elected to dispense with the holding of Annual General Meetings, the laying of accounts before the members in general meeting and the appointment of auditors annually. Accordingly, KPMG Audit Plc will continue in office as auditors.

## **FIRST CHOICE TOUR OPERATIONS LIMITED**

### **DIRECTORS' REPORT**

**for the year ended 31 October 1999**

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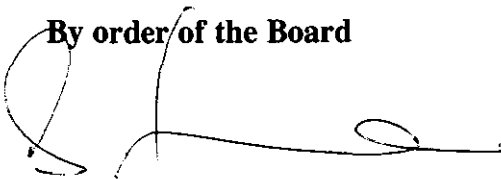
#### **DIRECTORS' RESPONSIBILITIES**

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; and
- 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.

**By order of the Board**

A handwritten signature in black ink, appearing to be 'D Howell', written over a horizontal line.

**D Howell  
Director**

21 August 2000

## **FIRST CHOICE TOUR OPERATIONS LIMITED**

### **REPORT OF THE AUDITOR**

**to the members of FIRST CHOICE TOUR OPERATIONS LIMITED**

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We have audited the financial statements on pages 5 to 9.

#### **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. 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.

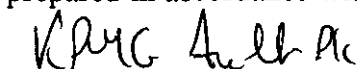
#### **Basis of opinion**

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 as at 31 October 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**KPMG Audit Plc**  
**Chartered Accountants**  
**Registered Auditor**  
**London**

25th August 2000

**FIRST CHOICE TOUR OPERATIONS LIMITED****PROFIT AND LOSS ACCOUNT  
for the year ended 31 October 1999**

		Year ended 1999 £'000	Year ended 1998 £'000
	Notes		
Profit on ordinary activities before taxation		-	-
Taxation on ordinary activities	4	(1)	-
Loss on ordinary activities after taxation		(1)	-
Profit and Loss account brought forward		(10,021)	(10,021)
Profit and Loss account carried forward		(10,022)	(10,021)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

The Company had no recognised gains or losses for either year.

**FIRST CHOICE TOUR OPERATIONS LIMITED****BALANCE SHEET  
as at 31 October 1999**

	Notes	1999 £'000	1998 £'000
<b>FIXED ASSETS</b>			
Investments	5	228,731	228,280
<b>CURRENT ASSETS</b>			
Debtors	6	8,859	8,859
<b>CREDITORS: amounts falling due within one year</b>	7	(247,362)	(246,910)
<b>Net Current Liabilities</b>		(238,503)	(238,051)
<b>Net liabilities</b>		(9,772)	(9,771)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	250	250
Profit and loss account		(10,022)	(10,021)
<b>Deficit on equity shareholders' funds</b>		(9,772)	(9,771)

The financial statements on pages 5 to 9 were approved by the Board on 21 August 2000 and signed by:



**D Howell  
Director**

## **FIRST CHOICE TOUR OPERATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 October 1999**

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#### **1. ACCOUNTING POLICIES**

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards consistently applied.

The accounts have been prepared on a going concern basis which the Directors believe is appropriate, as the ultimate holding company, First Choice Holidays PLC, has indicated its willingness to ensure the obligations and liabilities of the Company are met as they fall due.

##### **Group financial statements**

The Company has not produced group financial statements because it is a wholly owned subsidiary of a UK company.

##### **Cash flow**

The Company is exempt under Financial Reporting Standard No.1 (Revised) from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of First Choice Holidays PLC. First Choice Holidays PLC includes the Company's cash flow in its own published consolidated financial statements.

##### **Investments**

Investments are stated at cost, less provisions for permanent diminution in value.

##### **Related Party Transactions**

The Company has taken advantage of the exemption contained in Financial Reporting Standard No.8 "Related Party Disclosures" as it is a wholly owned subsidiary of First Choice Holidays PLC. Therefore, the Company has not disclosed transactions or balances with entities which form part of the group headed by First Choice Holidays PLC.



## **FIRST CHOICE TOUR OPERATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 October 1999**

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#### **2. EMPLOYEES**

The Company had no employees during the year (1998: nil).

#### **3. AUDITORS**

The auditor's remuneration in both years was borne by a fellow subsidiary undertaking.

#### **4. TAXATION**

	1999 £'000	1998 £'000
Corporation tax at 30.4% (1998: 31%)		
- prior year adjustment	1	-
	<u>1</u>	<u>-</u>

#### **5. INVESTMENTS**

	Ordinary shares in subsidiary undertakings £'000
At 1 November 1998	228,280
Additions	<u>451</u>
At 31 October 1999	<u>228,731</u>

##### **Subsidiary undertakings**

Principal operating subsidiaries	% held	Nature of Business	Country of Registration
First Choice Holidays & Flights Ltd	100	Tour Operator	England & Wales
First Choice Eclipse Ltd	100	Tour Operator	England & Wales
First Choice Aviation Limited	100*	Flight Seat Wholesaler	England & Wales

\*owned by First Choice Holidays & Flights Ltd

## **FIRST CHOICE TOUR OPERATIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **for the year ended 31 October 1999**

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#### **6. DEBTORS**

	1999 £'000	1998 £'000
Sundry debtors	13	13
Amounts owed by subsidiary undertakings	<u>8,846</u>	<u>8,846</u>
	<u><b>8,859</b></u>	<u><b>8,859</b></u>

#### **7. CREDITORS: amounts falling due within one year**

	1999 £'000	1998 £'000
Sundry creditors	13	12
Amounts owed to parent and fellow subsidiary undertakings	79,376	78,925
Amounts owed to subsidiary companies	<u>167,973</u>	<u>167,973</u>
	<u><b>247,362</b></u>	<u><b>246,910</b></u>

#### **8. CALLED UP SHARE CAPITAL**

	1999 £'000	1998 £'000
Authorised, allotted and fully paid 250,000 ordinary shares of £1 each	<u><b>250</b></u>	<u><b>250</b></u>

#### **9. ULTIMATE PARENT COMPANY**

First Choice Holidays PLC, a company registered in England and Wales, is the ultimate parent company. First Choice Holidays PLC is the parent undertaking of the largest and smallest group of which First Choice Tour Operations Limited is a member and for which group accounts are drawn up. Copies of these group accounts are available from the Company Secretary, First Choice Holidays PLC, First Choice House, London Road, Crawley, West Sussex, RH10 2GX.