

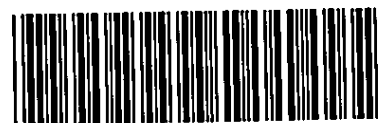
First Choice Holiday Hypermarkets Limited

**Directors' report and financial
statements**

Registered number 3647615

31 October 2006

THURSDAY



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Directors' report

The Directors present their report and financial statements for the year ended 31 October 2006

Principal activity

The principal activity of the Company is that of retail travel agents operating in the United Kingdom.

Business Review

The package holiday market during 2006 faced challenging trading conditions with increased competition from the internet and low cost carriers

During the year, the Company's Retail estate expanded with the opening of additional new shops and travel pods (as part of a trial with Sainsbury's and Asda). Further expansion continues and, since the beginning of 2006, new high-street shops, hypermarkets and additional travel pods (including recent openings within Morrisons and Waterstones) have been added to the estate. "Just Go" and "Bowens" became our first two partners in the Company's recently-launched Franchise Scheme and their shops have been re-branded as "First Choice". It is envisaged that similar partnerships will be agreed during 2006/2007.

The Company was profitable with the help of careful capacity management and control of overheads and this strategy will continue for the future. The directors believe that the Company is well equipped to face the fast-changing and challenging environment of 2007 and beyond.

The directors manage risks and uncertainties of the Company in co-ordination with its fellow subsidiaries in the First Choice Holidays PLC ("First Choice") Group of Companies. The directors of First Choice review the Company's risks and uncertainties in the context of the whole Group. The directors of the Company believe that this review process is appropriate given that the Company's operations are managed in co-ordination with those of the Mainstream Sector. The principal risks and uncertainties which are common to First Choice and the Company are

- **Geo-political events and natural disasters** The nature of our business means that we continually face the risk of geo-political events or natural disasters. It is for this reason that we ensure we operate with a flexible and efficient business model and minimise the reliance on any one destination.
- **Commercial relationships** We have well established and close relationships with our suppliers and spread our risk by not placing over-reliance on any one supplier in any particular area. However, if a relationship was lost or damaged with a major supplier this could have a detrimental effect on our business. The management team meets regularly with suppliers to maintain good working relationships.
- **Information technology** The Company is heavily reliant upon information technology. Investment is being made to ensure that we have advanced and efficient systems in place but there is a risk if there were a major failure – particularly if it were to affect selling systems. Procedures are in place to minimise the time a selling system is unavailable in the event of such a failure.
- **Environmental risk** The Company uses aircraft to take people on holidays sometimes to countries where tourism is just developing. This does have an impact on the environment and we take our corporate and social responsibilities seriously at every level. We work with the authorities and suppliers in the destinations we serve to ensure that any local environmental impact is minimised in the best interest of the indigenous population.

As the directors manage the Company in co-ordination with the management they take the view that analysis using key performance indicators ("KPIs") for the Company on a stand-alone basis is not necessary or appropriate for an understanding of the development, performance and positioning of its businesses. The KPIs which relate to both the Company and First Choice are

- Emphasis on product differentiation
- Increasing control of the distribution of our tour operating products
- Expansion of online sales to assist the drive to becoming a primarily direct-sale business

Directors' report *(continued)*

Results and dividends

The result for the year is shown in the profit and loss account on page 7. The profit for the year transferred to reserves is £1,457,000 (2005 Profit £1,563,000). The Directors do not recommend the payment of a dividend (2005 £Nil).

Directors and their interests

The directors at the date of this report were

N W Longman (appointed 17 July 2006)
 C F Powell (appointed 4 July 2006)
 D Wheatley

Mr J Wimbleton resigned on 4 July 2006

None of the directors had any beneficial interest in the shares of the Company or any subsidiary undertaking at any time during the period.

As at 31 October 2006 the interests of the directors in the ordinary share capital of the ultimate parent Company, First Choice Holidays PLC, were as follows

| | Ordinary Shares | | *Share Awards | |
|-------------|-----------------|---------------|---------------|-----------|
| | 31 Oct 2006 | **31 Oct 2005 | Granted | Exercised |
| N W Longman | 31,765 | 31,765 | 29,444 | 2,487 |
| C F Powell | ***28,308 | ***28,015 | 16,253 | 14,392 |
| D Wheatley | ***2,925 | ***3,287 | 22,574 | 26,089 |

* Includes awarded under the Restricted Share Plan and Performance Share Plan

** Or at date of appointment

*** Includes shares purchased under the Share Incentive Plan

People Agenda

It is the Group's vision to be the "First Choice" for people wanting to work in leisure travel. Achieving this vision helps drive profitable growth across the Group.

First Choice operates a global portfolio of businesses, employing approximately 14,500 people across the Group – 8,700 of whom are based in the UK with the remaining 5,800 spread throughout the USA, Canada, Africa, Asia, Australia and Eastern Europe. Although businesses within the portfolio are at various stages of development and maturity, together we all share common values. It is our aim to reward, develop and promote our people in a way that is right for them, taking into account the environment in which they operate.

Our commitment is to

- engage employees in our aims and success - and in issues that affect them,
- promote a positive workplace, and
- reward them in a way which is relevant to them and reflects their contribution to the Group's success

Rewarding people and valuing their contribution

First Choice's goal is to have a reward strategy which underpins business objectives within Group wide principles which provide a framework for local environments. Recognising and rewarding our employees in ways that are effective for them is a key driver for engagement and high performance. Our reward strategy takes into account base pay, competency pay, incentives, benefits and non-cash based rewards. We make every effort to measure the input and results of both individuals and teams. Many UK employees participate in the Share Incentive Plan, giving them an interest in the financial performance of their Company.

Directors' report *(continued)*

Rewarding people and valuing their contribution *(continued)*

Ensuring our employees share our aims and are involved in matters which affect them is a key challenge for us. The Group employs people in many countries around the world - a significant number of whom are engaged on a seasonal basis. We start by employing people we believe share our passion for our customers and products and build engagement through consultation and by providing regular local and global updates in ways which suit our employees' working environment and culture.

We encourage the participation of employees through frequent 'Work in Partnership' meetings led by senior management. Regular meetings also take place with recognised trade unions. The "First Voice" survey is sent to all employees worldwide and we monitor the responses closely and adapt and change policies and practices taking account of the comments and views of employees.

We have recently established a new extranet website to enhance communications across the whole Group and this now provides a central source where all employees can find both external and internal information about the Sectors and various businesses in the Group. Additionally each Sector has its own tailored approach to communication which reflects its particular needs.

As a Group we operate in diverse cultures and understand the need to rule out discrimination on any grounds including ethnicity, gender, disability and age. If applicable and possible, alternative suitable employment would be found for any employee who becomes disabled during the course of employment provided that they can be employed in a safe working environment. We continue to develop policies on non-discrimination and inclusiveness in line with best practice and these are incorporated into training for line managers as a key part of induction programmes. Unfair treatment of any employee is not tolerated and a confidential hotline is available for all employees worldwide - there is a translation service in place for non-English speaking employees.

Attracting, developing and retaining talent

We continue to be proud of the commitment and dedication of our employees in achieving the levels of service and efficiency which make First Choice stand out from our competitors. Every effort is made to encourage and develop all employees to realise their maximum potential. We are committed to using the most effective recruitment methods in all the countries in which we operate and to build skills and knowledge in ways which suit both the business and our employees.

We continue to invest in our leadership capability. For example, the majority of our senior managers have now attended a Strategic Leadership programme at an International Business School. This programme, which extends across all Sectors of the Group, builds the skills and capability of those with the greatest responsibility for leadership and strategy. Investment in the capability of our people is a priority and all employees have had the opportunity to provide feedback on their training needs for the coming year.

Each year our employees have the opportunity to meet their line manager at least once to discuss their performance over the previous year and make plans for development in the coming year. The 'Personal Development Update' allows individuals to identify training opportunities and understand the role they play in First Choice's success. The update is designed to ensure that each person has objectives supporting business plans.

Retaining key employees is critical to our continued business success. Group wide talent is reviewed on a regular basis at Board level and our focus is to retain and develop individuals to carry the business forward. We actively move people to career opportunities across the Group to enhance the mix of innovative, entrepreneurial and general management skills. In order to meet seasonal demands it is First Choice's policy to move staff between retail, overseas representation and airline cabin crew roles. This develops a multi-skilled workforce which has year-round experience of working with our customers.

Directors' report *(continued)*

Statement as to disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Policy and practice on payment of creditors

It is the Company's policy that payments to suppliers, whether in advance or after the provision of goods and services, are made on the basis of the terms that have been agreed with them

Due to the nature of the Company's operations, and common to the industry as a whole, payments are often made in advance of the provision of goods and services. At the year end, the number of creditor days outstanding was 38 (2005 32)

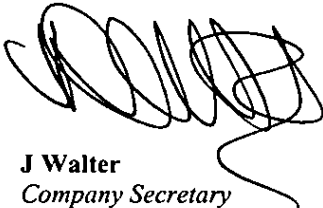
Directors' insurance

The ultimate parent company maintains insurance policies on behalf of all the Directors of the Company against liability arising from negligence, breach of duty and breach of trust in relation to the Company

Auditors

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

By order of the Board



J Walter
Company Secretary

First Choice House
London Road
Crawley
West Sussex
RH10 9GX

Date 27 April 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a 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.

Independent auditors' report to the members of First Choice Holiday Hypermarket Limited

We have audited the financial statements of First Choice Holiday Hypermarket Limited for the year ended 31 October 2006 which comprise the Profit and Loss account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movement in Shareholders Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
PO Box 895, 8 Salisbury Square, London, EC4Y 8BB

30 April 2007

Profit and loss account
for the year ended 31 October 2006

| | <i>Note</i> | 2006 £000 | 2005 £000 |
|--|-------------|----------------------------|----------------------------|
| Turnover | <i>1</i> | 44,083 | 48,207 |
| Net operating costs | | (41,023) | (44,744) |
| Operating profit | | 3,060 | 3,463 |
| Loss on disposal of fixed assets | | - | (100) |
| Profit on ordinary activities before taxation | <i>2</i> | 3,060 | 3,363 |
| Tax charge on ordinary activities | <i>4</i> | (1,603) | (1,800) |
| Profit for the financial year | <i>12</i> | 1,457 | 1,563 |

All results arose from continuing activities

A note on historical cost profits and losses has not been included as part of these financial statements as there is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis

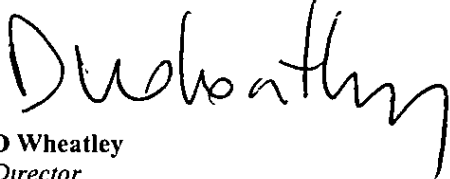
The notes on pages 10 to 17 form part of these financial statements

Balance sheet
at 31 October 2006

| | <i>Note</i> | 2006 £000 | Restated 2005 £000 |
|--|-------------|----------------------------|---|
| Fixed assets | | | |
| Intangible assets | 5 | 32,312 | 35,257 |
| Tangible assets | 6 | 19,279 | 20,867 |
| | | <u>51,591</u> | <u>56,124</u> |
| Current assets | | | |
| Debtors | 7 | 40,762 | 42,017 |
| Cash at bank and in hand | | 84 | 145 |
| | | <u>40,486</u> | <u>42,162</u> |
| Creditors amounts falling due within one year | 8 | (27,358) | (36,969) |
| Net current assets | | <u>13,488</u> | <u>5,193</u> |
| Total assets less current liabilities | | <u>65,079</u> | <u>61,317</u> |
| Creditors amounts falling due after one year | 9 | (25,819) | (25,819) |
| Provisions for liabilities and charges | 10 | (2,305) | - |
| Net assets | | <u>36,995</u> | <u>35,498</u> |
| Capital and reserves | | | |
| Share capital | 11 | 16,080 | 16,080 |
| Share premium | 12 | 41,943 | 41,943 |
| Profit and loss account | 12 | (21,068) | (22,525) |
| Shareholders' funds | | <u>36,955</u> | <u>35,498</u> |

The notes on pages 10 to 17 form part of these financial statements

These financial statements were approved by the board of directors on 27 April 2007 and were signed on its behalf by


D Wheatley
 Director

Statement of total recognised gains and losses
for the year ended 31 October 2006

| | Note | 2006 £000 | 2005 £000 |
|--|------|--------------|--------------|
| Profit for the financial year | | 1,457 | 1,563 |
| Total gains recognised relating to the financial year | | 1,457 | 1,563 |
| Prior year adjustment (note 1) | | (7,653) | |
| Total gains and losses recognised since the last annual return | | (6,196) | |

Reconciliation of the movement in shareholders' funds
for the year ended 31 October 2006

| | 2006 £000 | 2005 £000 |
|--|--------------|--------------|
| Opening shareholders' funds as previously reported | 43,151 | 41,588 |
| Prior year adjustment (note 1) | (7,653) | (7,653) |
| Opening shareholders' funds as restated | 35,498 | 33,935 |
| Profit for the year | 1,457 | 1,563 |
| Closing shareholders' funds | 36,955 | 35,498 |

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

New Financial Reporting Standards

In these financial statements, the following new Financial Reporting Standards have been adopted for the first time

FRS 21 Events after the balance sheet date

Under previous UK GAAP, dividends proposed after the balance sheet date but before the financial statements were approved, were recorded as liabilities in the financial statements. During the year, the Company has adopted FRS 21. This requires dividends to be recorded as liabilities in the financial statements only in the period in which they are approved for payment and are no longer at the discretion of the Company. As no dividends were proposed at 31 October 2005 and 31 October 2004, this change in accounting policy has not impacted these financial statements.

FRS 25 Financial instruments – presentation and disclosure. The presentational requirements of this new standard have not otherwise impacted these financial statements.

FRS 28 Corresponding amounts

This has no effect because it comprises the same requirements for comparative information as previously required by the Companies Act 1985.

Change in accounting policies

Previously, the Company's policy was to charge marketing costs and other sales related costs to the profit and loss account in the season to which they relate. During the year, the Directors reviewed this accounting policy and have concluded that it is now more appropriate to charge these costs to the profit and loss account as incurred. In considering this matter, the Directors have had regard both to the guidance under International Financial Reporting Standards (IFRS), which is more specific on the circumstances in which marketing and other direct costs of selling holidays may be deferred and matched against associated revenue, and to the practice of the Group and its competitors in their consolidated financial statements prepared under IFRS. The impact of this change (including related taxation) is to reduce net assets by £7,305,326 at 31 October 2005 and 31 October 2004 respectively.

Previously, in accordance with common practice under UK GAAP, the Company did not provide for employees' accrued entitlement for holiday pay. The Company's accounting policy has been revised in the year as it is considered appropriate to accrue for this liability, which arises from past employee service. Net assets at 31 October 2005 and 31 October 2004 have been reduced by £347,654 respectively.

The total impact of the above changes is to reduce net assets at 31 October 2005 and 31 October 2004 by £7,652,980 respectively. The Profit and Loss account for the year ended 31 October 2005 has not been restated.

Basis of preparation

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

Basis of consolidation

The Company is exempt from preparing consolidated financial statements on the grounds that it is a wholly owned subsidiary and is included in the consolidated accounts of its ultimate parent undertaking, First Choice Holidays PLC. The consolidated financial statements of First Choice Holidays PLC, which include the Company, are publicly available (address given in note 16). These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover is the total amount receivable by the Company for commissions earned and services provided, excluding VAT and trade discounts. Commission earned in respect of in house product is recognised on the date of departure and the related costs charged to the profit and loss account on the same basis. Commission earned from the sale of third party product, together with related costs, are recognised on receipt of final payment.

Goodwill

Purchased goodwill in respect of acquisitions is capitalised (representing the excess of fair value of the consideration over the fair value of the separate net assets acquired). Purchased goodwill is amortised to nil by equal instalments over twenty years.

Depreciation

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

| | |
|-------------------------|----------------------------|
| Leasehold building | Over the life of the lease |
| Computers | 5 years straight line |
| Furniture and Equipment | 8 years straight line |

Licences

Licences purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives.

Leased assets

Operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the period of the lease.

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

Contributions to pension funds

The Group operates a defined contribution pension scheme and charges are made to the Company for staff employed. Pension liabilities are charged to the profit and loss account as they fall due.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved for payment.

Deferred taxation

Except as otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date. Timing differences arise when items of income and expenditure are included in tax computations in periods different from their inclusion in the financial statements.

Cash flow

The Company is exempt from the requirements of Financial Reporting Standard 1 (revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary of First Choice Holidays PLC. The consolidated financial statements of First Choice Holidays PLC, which include the Company are publicly available (address given in note 16).

Notes (continued)

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

| | 2006 £000 | 2005 £000 |
|---|--------------|--------------|
| <i>After charging</i> | | |
| Depreciation and other amounts written off tangible and intangible fixed assets | | |
| - Owned | 4,125 | 2,648 |
| - Goodwill amortisation | 2,100 | 2,100 |
| - Licences amortisation | 845 | 1,338 |
| Hire of other assets – operating leases | 8,858 | 8,415 |

The whole of the turnover and profit before taxation derives from the Company's principal activity within the United Kingdom

In 2006 and 2005, auditor's remuneration was paid by another Group company. The audit fee relating to the company was as follows

| | 2006 £000 | 2005 £000 |
|-----------------------------------|--------------|--------------|
| Fees for the audit of the company | 15 | 10 |

Fees paid to the company's auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the company are not disclosed in these financial statements. This is on the basis that such non-audit fees are disclosed in the consolidated accounts of the company's parent, First Choice Holidays PLC.

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

| | 2006 Number | 2005 Number |
|------------------------------|----------------|----------------|
| Sales team / Representatives | 729 | 722 |

The aggregate payroll costs of these persons were as follows

| | 2006 £000 | 2005 £000 |
|-------------------------------|--------------|--------------|
| Wages and salaries | 8,753 | 9,541 |
| Social security costs | 830 | 891 |
| Other pension costs (note 14) | 60 | 74 |
| | 9,643 | 10,506 |

Remuneration in respect of directors is borne by another group company

Notes (continued)

4 Taxation

The tax charge in the 31 October 2006 accounts can be summarised as follows

(i) Analysis of charge in year

| | 2006 £000 | 2005 £000 |
|--|--------------|--------------|
| Current tax | | |
| UK corporation tax on profits for the year | (2,166) | 1,458 |
| Adjustments in respect of prior periods | | |
| - permanent | (69) | - |
| Total current tax | (2,235) | 1,458 |
| Deferred tax | | |
| Origination and reversal of timing differences | | |
| - current year UK | 3,713 | 335 |
| - adjustment in respect of previous periods | 125 | 7 |
| Total deferred tax (see note 10) | 3,838 | 342 |
| Tax on profit on ordinary activities | 1,603 | 1,800 |

(ii) Factors affecting tax charge for the year

The tax charge (2005 charge) for the year is lower (2005 higher) than the standard rate of UK corporation tax of 30% (2005 30%). The differences are explained below

| | 2006 £000 | 2005 £000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax | 3,060 | 3,363 |
| Current tax at 30% (2005 30%) | 918 | 1,009 |
| Effects of | | |
| - expenses not deductible for tax purposes | 629 | 629 |
| - Capital allowances in excess of depreciation for the year | (433) | (335) |
| - depreciation on non-qualifying assets | - | 112 |
| - loss on disposal on non-qualifying assets | - | 43 |
| - adjustment to tax charge in respect of previous periods | (69) | - |
| - other short term timing differences | (3,280) | - |
| Current tax (credit)/charge for the year | (2,235) | 1,458 |

Notes (continued)

5 Intangible fixed assets

| | Goodwill £000 | Licence £000 | Total £000 |
|-----------------------|------------------|-----------------|---------------|
| <i>Cost</i> | | | |
| As at 1 November 2005 | 41,993 | 9,300 | 51,293 |
| 31 October 2006 | 41,993 | 9,300 | 51,293 |
| <i>Amortisation</i> | | | |
| As at 1 November 2005 | 14,698 | 1,338 | 16,036 |
| Provided in year | 2,100 | 845 | 2,945 |
| At 31 October 2006 | 16,798 | 2,183 | 18,981 |
| <i>Net book value</i> | | | |
| As at 31 October 2006 | 25,195 | 7,117 | 32,312 |
| As at 31 October 2005 | 27,295 | 7,962 | 35,257 |

6 Tangible fixed assets

| | Short leasehold properties £000 | Computer, furniture and equipment £000 | Total £000 |
|-----------------------|---------------------------------------|---|---------------|
| <i>Cost</i> | | | |
| As at 1 November 2005 | 23,604 | 10,084 | 33,688 |
| Additions in year | 4,808 | 249 | 5,057 |
| Disposals | (2,757) | (3,656) | (6,413) |
| As at 31 October 2006 | 25,655 | 6,677 | 32,332 |
| <i>Depreciation</i> | | | |
| As at 1 November 2005 | 4,981 | 7,840 | 12,821 |
| Charge for the year | 3,297 | 828 | 4,125 |
| Disposals | (780) | (3,113) | (3,893) |
| As at 31 October 2006 | 7,498 | 5,555 | 13,053 |
| <i>Net book value</i> | | | |
| As at 31 October 2006 | 18,157 | 1,122 | 19,279 |
| As at 31 October 2005 | 18,623 | 2,244 | 20,867 |

Notes (continued)

7 Debtors

| | 2006 £000 | Restated 2005 £000 |
|--------------------------------------|---------------|--------------------------|
| Trade debtors | 381 | 854 |
| Amounts owed by group undertakings | 32,515 | 35,154 |
| Other debtors | - | 79 |
| Prepayments and accrued income | 5,631 | 4,397 |
| Group relief | 2,235 | - |
| Deferred tax asset | - | 1,533 |
| | <u>40,762</u> | <u>42,017</u> |
| All debtors fall due within one year | | |

8 Creditors: amounts falling due within one year

| | 2006 £000 | Restated 2005 £000 |
|------------------------------------|---------------|--------------------------|
| Trade creditors | 26,973 | 24,471 |
| Amounts owed to group undertakings | - | 10,232 |
| Group relief | 162 | 1,458 |
| Other creditors | - | 283 |
| Accruals and deferred income | 223 | 525 |
| | <u>27,358</u> | <u>36,969</u> |

9 Creditors: amounts falling due after more than one year

| | 2006 £000 | 2005 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed to group undertakings | 25,819 | 25,819 |

10 Provisions for liabilities and charges

| | Restated Deferred taxation £000 |
|--|---------------------------------------|
| As at 1 November 2005 – as previously reported | 1,747 |
| Prior year adjustment (note 1) | (3,280) |
| Restated balance at 1 November 2005 | (1,533) |
| Utilised in the year | 3,838 |
| As at 31 October 2006 | <u>2,305</u> |

The net deferred tax position as at 31 October 2006 is as follows

| | 2006 £000 | Restated 2005 £000 |
|--------------------------------|--------------|--------------------------|
| Accelerated capital allowances | 2,305 | 1,747 |
| Other timing differences | - | (3,280) |
| | <u>2,305</u> | <u>(1,533)</u> |

There is no unprovided deferred taxation at either 31 October 2006 or 31 October 2005
Registered number 3647615/Year ended 31 October 2006

Notes (continued)

11 Share capital

| | 2006 £000 | 2005 £000 |
|---|---------------|---------------|
| <i>Authorised</i> | | |
| 500,000 deferred ordinary shares of £1 each | 500 | 500 |
| 19,500,000 ordinary shares of £1 each | 19,500 | 19,500 |
| | <u>20,000</u> | <u>20,000</u> |
| <i>Allotted, called up and fully paid</i> | | |
| 500,000 deferred ordinary shares of £1 each | 500 | 500 |
| 15,580,000 ordinary shares of £1 each | 15,580 | 15,580 |
| | <u>16,080</u> | <u>16,080</u> |

Non-equity interests in shareholders' funds are analysed by class of share as follows

| | 2006 £000 | 2005 £000 |
|-------------------------------------|--------------|--------------|
| Deferred ordinary shares of £1 each | <u>500</u> | <u>500</u> |

12 Share premium and Reserves accounts

| | Share premium account £000 |
|--|----------------------------------|
| At 1 November 2005 and 31 October 2006 | <u>41,943</u> |
| | Profit and loss £000 |
| 1 November 2005 as previously reported | (14,872) |
| Prior year adjustment – change in accounting policies (note 1) | (7,653) |
| | <u>(22,525)</u> |
| 1 November 2005 as restated | (22,525) |
| Profit for the year | 1,457 |
| | <u>(21,068)</u> |
| At 31 October 2006 | <u>(21,068)</u> |

Notes (continued)

13 Commitments

Capital commitments at the end of the financial year for which no provision has been made are as follows

| | 2006 £000 | 2005 £000 |
|---|--------------|--------------|
| Contracted but not provided for | 438 | - |
| Authorised but not contracted or provided for | 1,530 | 653 |
| | <u>1,968</u> | <u>653</u> |

Annual commitments under non-cancellable operating leases are as follows

| | 2006 Leasehold buildings £000 | 2005 Leasehold buildings £000 |
|--|--|--|
| Operating leases which expire | | |
| Within one year | - | - |
| In the second to fifth years inclusive | - | - |
| Over five years | 8,204 | 7,886 |
| | <u>8,204</u> | <u>7,886</u> |

14 Pension scheme

The Company participates in First Choice Holidays PLC defined contribution pension scheme. The pensions costs charged for the period represented contributions payable by the Company to the fund and amounted to £60,182 (2005 £73,689). The assets of the scheme represented are administered by trustees in a fund independent from those of the Company. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

15 Related party disclosures

The Company has taken advantage of the exemption contained in FRS 8. It has therefore not disclosed transactions or balances with entities which form part of the Group.

16 Ultimate parent company

First Choice Holidays PLC, a company registered in England and Wales, is the ultimate parent company. The immediate holding company is Holiday Hypermarkets (2000) Limited. First Choice Holidays PLC is the parent undertaking of the largest and smallest group of which First Choice Holiday Hypermarkets 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 9GX.