

Holiday Hypermarkets (2000) Limited

**Directors' report and financial
statements**

Registered number 3933408

31 October 2002



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Directors' report

The Directors present their report and financial statements for the year ended 31 October 2002.

Principal activity

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

Results and dividends

The loss for the year transferred to reserves is nil (2001: £1,040). The Directors do not recommend the payment of a dividend (2001: £Nil).

Directors and directors' interests

The Directors at the date of this report are:

A D Martin
H D Thomas (appointed 31 January 2002)
J Wimbleton

Other directors who served in the year were as follows:

M Gifford (resigned 31 January 2002)
J J Donnelly (resigned 4 October 2002)

None of the Directors had any beneficial interest in the shares of the Company at any time during the year.

As at 31 October 2002 the interests of the Directors in the share capital of First Choice Holidays PLC, the ultimate parent company, were as follows:

	Ordinary Shares		Options	
	31 Oct 2002	31 Oct 2001	Granted	Exercised
H D Thomas	32,780	29,056	112,300	(3,724)
J Wimbleton	34,811	34,811	595,983	(14,411)

The interests of A D Martin are disclosed in the accounts of the ultimate parent undertaking, First Choice Holidays PLC.

Political and charitable contributions

The Company made no political contributions during the year. Donations to charitable organisations amounted to £Nil (2001: £705).

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.

Directors' report *(continued)*

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

16 July 2003

First Choice House
London Road
Crawley
West Sussex
RH10 9GX

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.



KPMG Audit Plc

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Report of the independent auditors to the members of Holiday Hypermarkets (2000) Limited

We have audited the financial statements on pages 5 to 11.

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.

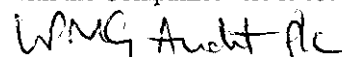
Basis of audit opinion

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 the Company's affairs as at 31 October 2002 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

16 July 2003

Profit and loss account
for the year ended 31 October 2002

	<i>Note</i>	2002 £000	2001 £000
Operating result		-	-
Interest receivable and similar income	2	-	3
Profit on ordinary activities before taxation		-	3
Taxation	3	-	(2)
Retained profit for the financial year		-	1

All results arose from continuing activities.

There were no recognised gains or losses for either year other than those included in the profit and loss account.

There is no material difference between the Company's results as reported and on an unmodified historical cost basis. Accordingly, no note of historical cost profits and losses has been included.

The notes on pages 8 to 11 form part of these financial statements.

Balance sheet
at 31 October 2002

	<i>Note</i>	2002 £000	2001 £000
Fixed assets			
Investments	4	47,178	47,178
Current assets			
Debtors	5	-	162
Creditors: amounts falling due within one year	6	(21,440)	(21,602)
Net current liabilities		<u>(21,440)</u>	<u>(21,440)</u>
Net assets		<u>25,738</u>	<u>25,738</u>
Capital and reserves			
Share capital	7	25,500	25,500
Profit and loss account	8	238	238
Equity shareholders' funds		<u>25,738</u>	<u>25,738</u>

The notes on pages 8 to 11 form part of these financial statements.

These financial statements were approved by the board of directors on 16th July 2003 and were signed on its behalf by:



H D Thomas
 Director

Reconciliation of movements in shareholders' funds
for the year ended 31 October 2002

	2002 £000	2001 £000
Profit for the financial year	-	1
Net addition to shareholders' funds	-	1
Opening shareholders' funds	25,738	25,737
Closing shareholders' funds	25,738	25,738

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.

Basis of preparation

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

The Directors have received confirmation from the Company's ultimate holding company, First Choice Holidays PLC, that it will continue to provide financial support for the foreseeable future.

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 11).

These financial statements therefore present information about the Company as an individual undertaking and not about it as a group.

Investments

Investments are included at cost less any provision for diminution in value. Profits or losses arising from disposal of fixed asset investments are treated as part of the result from ordinary activities.

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 the parent company are publicly available (see note 11).

Notes (continued)

2 Other interest receivable and similar income

	2002 £000	2001 £000
Bank interest	-	3

3 Taxation

The tax charge in the 31 October 2002 accounts can be summarised as follows:

	2002 £000	2001 £000
Tax on loss on ordinary activities:		
(i) Analysis of credit in the year		
Current tax:		
UK corporation tax on profits for the year	-	1
Adjustment in respect of previous periods:		
permanent	-	1
Total current tax	-	2
Deferred tax:		
Origination and reversal of timing differences:		
current year UK	-	-
adjustment in respect of previous periods	-	-
Total deferred tax	-	-
Tax on loss on ordinary activities	-	2

(ii) Factors affecting tax credit for the year

The tax charge for the year is lower than the standard rate of UK corporation tax of 30% (2001: 30%). The differences are explained below:

	2002 £000	2001 £000
Profit on ordinary activities before tax	nil	3
Profit on ordinary activities at the standard rate of UK corporation tax of 30% (2001: 30%)	-	1
Effects of:		
expenses not deductible for tax purposes	-	-
adjustment to tax in respect of previous periods	-	1
Current tax credit for the year	nil	2

Notes (continued)

4 Fixed asset investment	2002	2001
	£000	£000
	47,178	47,178

Holiday Hypermarkets (1998) Limited

Holiday Hypermarkets (1998) Limited is a 97.5% owned subsidiary operating as a travel agency.

5 Debtors

	2002	2001
	£000	£000
Other debtors	-	162

6 Creditors: amounts falling due within one year

	2002	2001
	£000	£000
Amounts owed to group undertakings	21,440	21,550
Other creditors	-	52
	21,440	21,602

7 Share capital

	2002	2001
	£000	£000
<i>Authorised, allotted, called up and fully paid</i>		
12,750,000 A ordinary shares of £1 each	12,750	12,750
12,750,000 B ordinary shares of £1 each	12,750	12,750
	25,500	25,500

8 Reserves

**Profit and loss
account
£000**

At 1 November 2001	238
Retained profit for the year	-
At 31 October 2002	238

Notes (continued)

9 Contingent liabilities

The Company's subsidiary, Holiday Hypermarkets (1998) Limited, is liable to a de-grouping charge of £12,000,000 under Section 179 of the Taxation of Chargeable Gains Act 1992 should the Company reduce its interest in that subsidiary within six years from October 1998. The Company has no plans to do this and therefore no provision has been made against the carrying value of its investment in that subsidiary

10 Related party disclosures

As the Company is a wholly owned subsidiary of First Choice Holidays PLC, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

11 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 Holiday Hypermarkets (2000) 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.