



**First Choice**

**FALCON LEISURE GROUP (OVERSEAS)  
LIMITED  
DIRECTORS' REPORT  
AND  
FINANCIAL STATEMENTS**

**for year ended  
31 October 2000**



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COMPANIES HOUSE 01/03/01**

**Company Number 2220337**

**FALCON LEISURE GROUP (OVERSEAS) LIMITED****DIRECTORS' REPORT  
for year ended 31 October 2000**

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The Directors present their report and financial statements of Falcon Leisure Group (Overseas) Limited for the year ended 31 October 2000.

**PRINCIPAL ACTIVITY**

The Company is registered in England and its principal activity is tour operating within Eire.

**REVIEW OF THE YEAR**

The profit for the year after tax was £3,871,055 (1999 profit £3,109,282). The Directors do not propose the payment of a dividend. (1999 £NIL). On 31<sup>st</sup> October 2000 the business and assets of Kilquade Limited were acquired by the Company at the net asset value on the date of transfer.

**PAYMENTS TO SUPPLIERS**

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

**DIRECTORS AND THEIR INTERESTS**

The Directors at the date of this report are:

C Donnelly	
D A Mooney	(Appointed 1 November 2000)
C A O'Neill	(Appointed 1 November 2000)
J S Ryan	(Appointed 1 November 2000)
D Shearer	(Appointed 1 November 2000)
W Smith	
H D Thomas	

Mr D Howell resigned on 1 November 2000.

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

## FALCON LEISURE GROUP (OVERSEAS) LIMITED

### DIRECTORS' REPORT for year ended 31 October 2000

As at 31 October 2000, 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 2000	31 October 1999	31 October 2000	Granted	Exercised	31 October 1999	31 October 2000	31 October 1999
<b>Ordinary Shares</b>								
HD Thomas	39,199	5,000	6,601	2,877	-	3,724	29,467	68,575
W Smith	-	-	-	-	-	-	78,458	62,094
C Donnelly	-	-	2,471	2,471	-	* 4,583	16,307	11,087

\* Lapsed on 1 April 2000

	No. of shares	Option exercise price	Date first exercisable
<b>H Thomas</b>			
Restricted Share Plan	11,576	-	6 October 2001
Restricted Share Plan	17,891	-	15 December 2002
Savings Related Share Option Scheme	3,724	116.0p	1 November 2001
Savings Related Share Option Scheme	2,887	97.6p	1 October 2003
<b>W Smith</b>			
Restricted Share Plan	10,882	-	6 October 2001
Restricted Share Plan	51,212	-	17 December 2000
Restricted Share Plan	16,364	-	15 December 2002
<b>C Donnelly</b>			
Restricted Share Plan	11,087	-	11 August 2002
Restricted Share Plan	5,220	-	15 December 2002
Savings Related Share Option Scheme	2,471	97.6p	2 October 2003

On 30 March 2000 Hywel Thomas exercised 56,999 shares granted on 14 March 1997 under the Restricted Share Plan.

The interests of D Howell are disclosed in the accounts of First Choice Holidays PLC. For full details on the above schemes, reference should be made to the Annual Report & Accounts of First Choice Holidays PLC. During the year the price of the Company's shares ranged from between 99.5p and 161.5p and was 115.0p at 31 October 2000.

### 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.

**FALCON LEISURE GROUP (OVERSEAS) LIMITED****DIRECTORS' REPORT  
for year ended 31 October 2000**

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**EMPLOYMENT OF DISABLED PERSONS**

It is the Company's policy to give full consideration to the suitability of disabled persons for employment. Opportunities also exist for employees of the Company who become disabled to continue in their employment or to be trained for other positions within the Company.

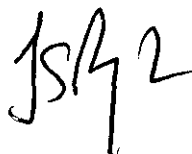
**EMPLOYEE INVOLVEMENT**

The Company's policy is to encourage the involvement of all employees in the continued development and success of the Company. All employees are encouraged to participate in the training, career development and quality initiatives provided within the Company. In addition, there is extensive communication of the Company's affairs to employees through internal newsletters and briefings.

**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.

**By order of the Board**



**J S Ryan  
Director**

**26 February 2001**

**FALCON LEISURE GROUP (OVERSEAS) LIMITED****STATEMENT OF DIRECTORS' RESPONSIBILITIES  
for year ended 31 October 2000**

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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 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

**FALCON LEISURE GROUP (OVERSEAS) LIMITED****AUDITORS' REPORT****to the members of FALCON LEISURE GROUP (OVERSEAS) LIMITED**

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We have audited the financial statements on pages 6 to 11.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for preparing the directors' report and, as described on page 4 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 2000 and of its profit 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**

Date: 27th February 2001

**FALCON LEISURE GROUP (OVERSEAS) LIMITED****PROFIT AND LOSS ACCOUNT  
for the year ended 31 October 2000**

	<i>Note</i>	<i>Continuing Operations 2000 £</i>	<i>Continuing Operations 1999 £</i>
<b>Turnover</b>		79,604,962	66,738,955
<b>Cost of Sales</b>		(69,813,247)	(57,798,121)
<b>Gross Profit</b>		9,791,715	8,940,834
Operating Expenses		(4,285,773)	(4,483,201)
<b>Operating profit</b>		5,505,942	4,457,633
Net Interest Receivable		23,388	12,453
<b>Profit on ordinary activities before tax</b>	2	5,529,330	4,470,086
Tax on profit on ordinary activities	3	(1,658,275)	(1,360,804)
<b>Retained profit for the year</b>		3,871,055	3,109,282

The Company has no other recognised gains or losses for the year.

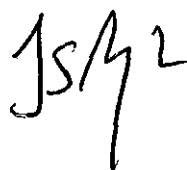
A note on historical cost profits and losses has not been included as part of these financial statements as there is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

**FALCON LEISURE GROUP (OVERSEAS) LIMITED****BALANCE SHEET**  
for the year ended 31 October 2000

	<i>Note</i>	<i>2000</i> £	<i>1999</i> £
<b>CURRENT ASSETS</b>			
Debtors	4	18,748,300	14,782,899
Cash in Hand and at Bank		205,392	205,162
		<u>18,953,692</u>	<u>14,988,061</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	5	<u>(6,320,855)</u>	<u>(6,226,279)</u>
<b>Net Current Assets</b>		<u>12,632,837</u>	<u>8,761,782</u>
<b>CAPITAL AND RESERVES</b>			
Called up Share Capital	7	1,125,000	1,125,000
Profit and Loss Account	8	10,547,163	6,676,108
Other Reserves	9	<u>960,674</u>	<u>960,674</u>
Shareholders' funds		<u>12,632,837</u>	<u>8,761,782</u>
<b>SHAREHOLDERS' FUNDS</b>			
<b>Shareholders' funds comprises:</b>			
Equity		12,017,837	8,146,782
Non Equity		<u>615,000</u>	<u>615,000</u>
<b>Shareholders' funds</b>		<u>12,632,837</u>	<u>8,761,782</u>

The movement in equity shareholders' funds during the year is represented by the retained profit for the year.

The financial statements on pages 6 to 11 were approved by the Board on 26 February 2001 and signed on their behalf by:



**J S Ryan**



**FALCON LEISURE GROUP (OVERSEAS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 October 2000**

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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 which have been consistently applied.

**Turnover**

Turnover arising on departure date, comprises of sales less commission and discounts receivable by the Company in the ordinary course of business, net of Value Added Tax.

**Client Money Received**

Client money received at the balance sheet date relating to holidays commencing and flights departing after the year end is included in creditors.

**Foreign Currency Translation**

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date, except to the extent that foreign currency denominated liabilities are covered by forward exchange contracts when the applicable forward rate is used. The benefit of foreign exchange contracts purchased to cover future seasons' requirements is accounted for in the season to which such contracts relate. Profits and losses arising on trading and translation are dealt with through the profit and loss account.

**Deferred Taxation**

Deferred taxation is provided for, using the liability method, on all material timing differences to the extent that the liability is expected to crystallise in the foreseeable future.

**Pensions**

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. The pension cost charge for the year ended 31 October 2000 was £46,872.

**Cash Flow Statement**

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

**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 which form part of the company headed by First Choice Holidays PLC.

**FALCON LEISURE GROUP (OVERSEAS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 October 2000****1. ACCOUNTING POLICIES (continued)****Goodwill**

Goodwill arising in consolidation prior to the adoption, on 1 November 1999, of FRS 10 - Goodwill and Intangible Assets has been charged directly to reserves. The goodwill which has been taken directly to reserves will be charged to profit and loss account on disposal of the related business.

Fair value accounting adjustments are made in respect of acquisitions and these may be made on provisional estimates. Amendments may be made to those adjustments in the subsequent accounting period with a corresponding adjustment to goodwill in the light of post acquisition experience.

**2. PROFIT ON ORDINARY ACTIVITIES**

The audit fees for the Company were paid by another Group company.

<b>DIRECTORS' REMUNERATION</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Directors' remuneration consists of:		
Emoluments (including pension contributions)	222,509	184,825
Emoluments of highest paid director (excluding pension contributions)	116,684	92,739
Pension contributions attributable to highest paid director	14,272	12,717

There were no employees during the year

<b>3. TAXATION</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
UK corporation tax at 30% (1999 30.42%) based on:		
- profit for the year	1,658,714	1,359,800
- under/ (over) provision for prior years	(97)	1,004
-deferred tax provision	(342)	
	<u>1,658,275</u>	<u>1,360,804</u>

The corporation tax charge has under group relief provision been relieved by other Group companies.

**FALCON LEISURE GROUP (OVERSEAS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 October 2000**

<b>4. DEBTORS</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Trade debtors	697,599	320,736
Deferred Tax (see note 6)	1,655	-
Amount owed by fellow subsidiaries	18,049,046	14,462,163
	<u>18,748,300</u>	<u>14,782,899</u>
<b>5. CREDITORS - amounts falling due within one year</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Client money received	6,301,243	6,226,279
Corporation Tax	19,612	-
	<u>6,320,855</u>	<u>6,226,279</u>
<b>6. DEFERRED TAXATION</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Provision for accelerated capital allowances	342	-
Accelerated capital allowances transferred from Kilquade	1,313	-
	<u>1,655</u>	<u>-</u>
<b>7. SHARE CAPITAL</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
600,000 ordinary shares of £1 each	600,000	600,000
615,000 8% cumulative preference shares of £1 each	615,000	615,000
	<u>1,215,000</u>	<u>1,215,000</u>
	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
510,000 ordinary shares of £1 each - equity	510,000	510,000
615,000 8% cumulative preference shares of £1 each - non equity	615,000	615,000
	<u>1,125,000</u>	<u>1,125,000</u>

The preference shares may be redeemed by the holder at any time after the fifth anniversary of the allotment which took place on 8 October 1988 for 350,000 shares and on 23 October 1989 for the remaining 265,000 shares. The preference shares are redeemable at par plus a premium of 5% per annum calculated from the date of allotment to the date of redemption. No provision has been made for this premium as the shareholder has expressed its intention not to redeem its shares. The financing cost of the preference shares has not been accrued as the shareholder has foregone its right to preference dividends in the current and all preceding years.

**FALCON LEISURE GROUP (OVERSEAS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 October 2000****8. PROFIT AND LOSS ACCOUNT**

	£
1 November 1999	6,676,108
Retained profit for the year	<u>3,871,055</u>
31 October 2000	<u><u>10,547,163</u></u>

**9. OTHER RESERVES**

Other reserves represent the goodwill on the acquisition of the business assets and liabilities of JWT Holidays Limited on 1 November 1997 for £1.

**10. POST BALANCE SHEET EVENTS**

On 1 November 2000 the Company migrated its tax residence from the United Kingdom to Eire.

**11. ULTIMATE PARENT COMPANY**

The Directors regard First Choice Holidays PLC, a company registered in England, as the ultimate parent company.

First Choice Holidays PLC is the parent undertaking of the largest and smallest group of which Falcon Leisure Group (Overseas) Limited is a member and for which group accounts are drawn up. Copies of those group accounts are available from Company Secretary, First Choice Holidays PLC, First Choice House, London Road, Crawley, West Sussex, RH10 2GX.