



Airtours

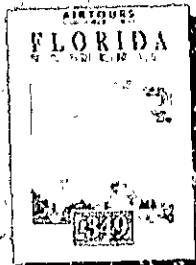
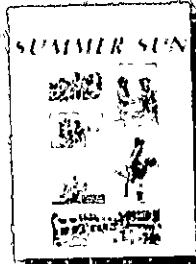
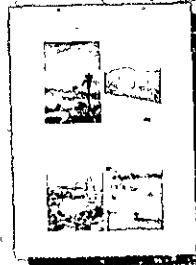
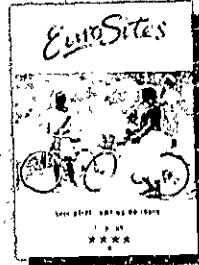
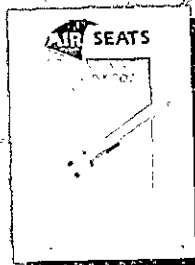


Annual Report

and Accounts

1990

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28 MAY 1991

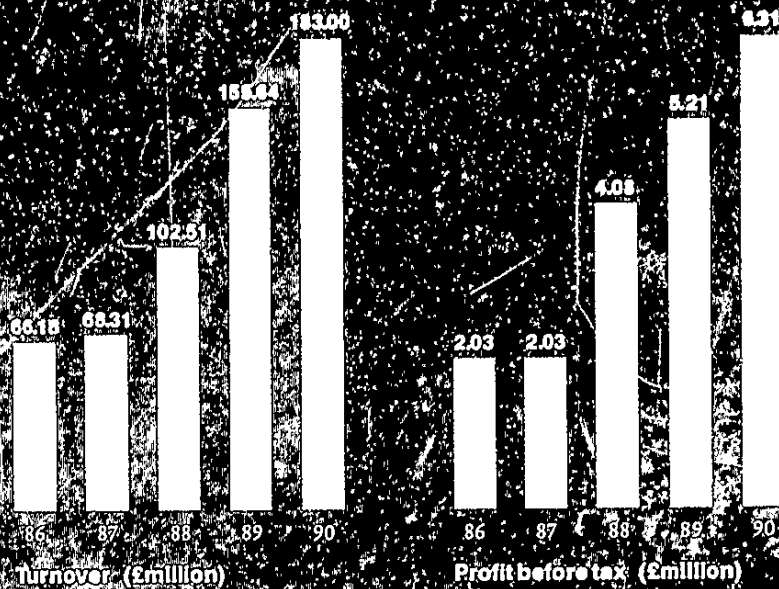
The 1990's will continue to be an exciting period for the travel industry.

The Immediate downturn in consumer spending has inevitably affected the economy in general, but this industry remains attractive as the underlying demand for leisure and travel will continue to grow.

Our philosophy of continuing to develop new products and of offering excellent value for money holidays is fundamental to the success of our business. We will continue to search out new opportunities that will place us in an even stronger position for the future.

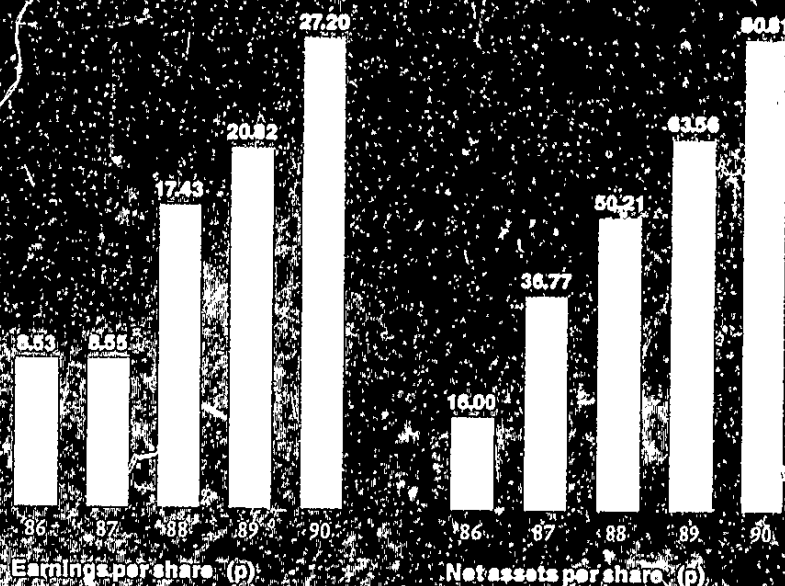
△ Venice △ Vienna △ France △ Balearics △ Canaries △ Cyprus △ Greek Islands △ Madeira △ Malta △ Portugal △ Spain △ Tunisia △ Turkey △ Yugoslavia △ Bahamas △ Barbados △ California △ Dominican Republic △ Florida △ Hawaii △



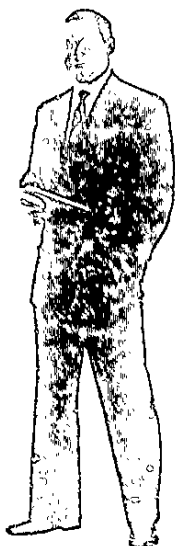


Results in Brief

1990 £000	% Increase
103,001	17.6
6,307	21.0
1,327	18.5
<u>13,002</u>	<u>27.8</u>
27.20p	30.6
0.25p	17.9
80.81p	27.1



Chairman's Statement



It gives me great pleasure to report another year of substantial achievement and record profits for your Company. Turnover rose by 17.6% to £183m, and profits before tax rose by 21% to £6.3m. The Board is therefore recommending a final dividend of 6.75p per share which, with the interim dividend of 1.5p, makes a total of 8.25p for the year giving a 17.9% increase over the previous year.

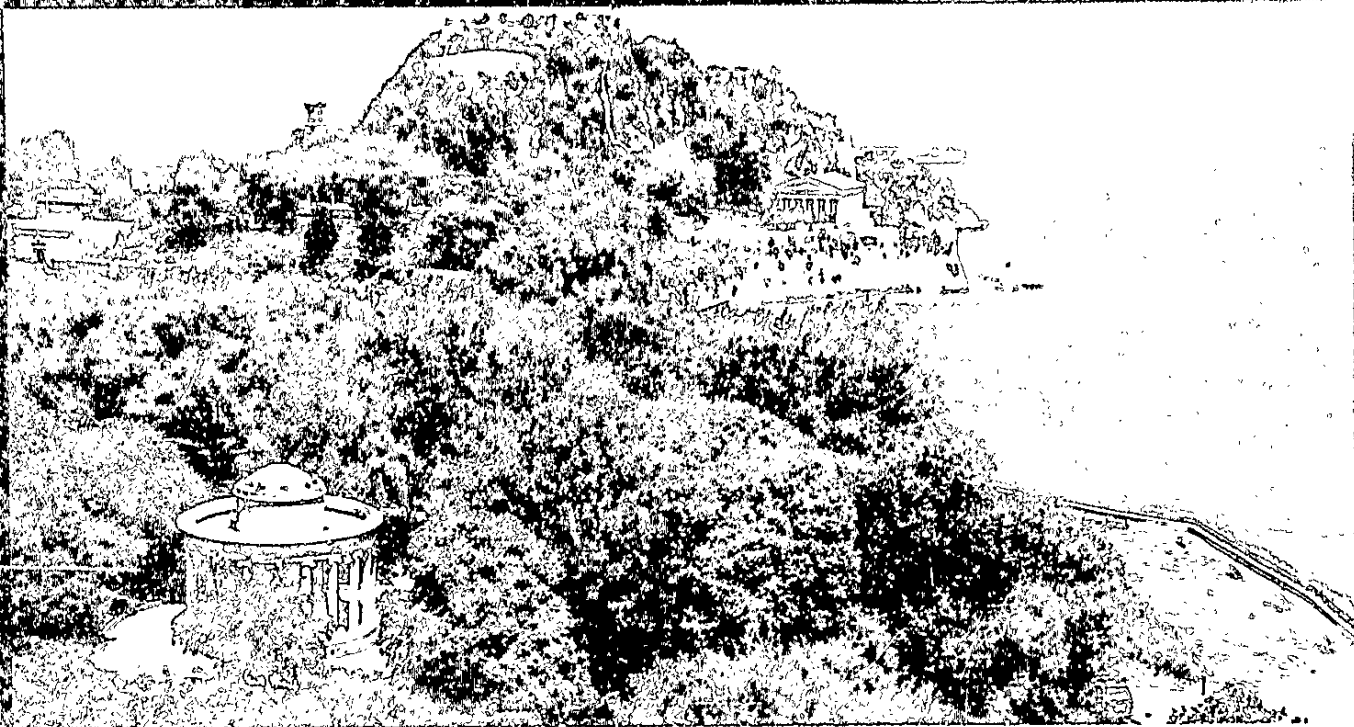
These results represent an excellent performance in a year which started with an extremely difficult first half. The self-drive camping business of EuroSites has been successfully developed and we have formed an in-house airline to service the core business. Both of these developments should yield substantial benefits in the future.

Airtours Holidays

The core business of Air

Inclusive Tours' continues to be the driving force behind the Group's growth. More than 720,000 passengers were carried compared with 664,000 in the preceding year – an increase of 8.4% achieved in a market which has suffered a 12% reduction in capacity. Accordingly our market share has increased from approximately 6.2% to 7.5%. The profit per passenger, which was already higher than that of any of our principal competitors, was also further improved.

During Winter 1989/90, there was a substantial increase in the number of passengers carried and in our market share. Unfortunately, there were also difficulties in the long haul market in October and November 1989 when excess capacity led to substantial price reductions. At the same time bookings for Summer 90 were very slow and the lack of booking deposits



Chairman's Statement

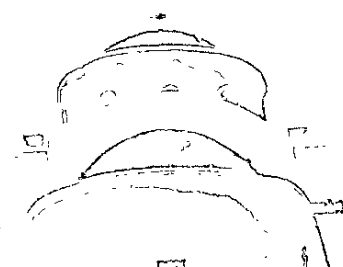
depressed our interest earnings and necessitated my cautious comments which accompanied the interim statement.

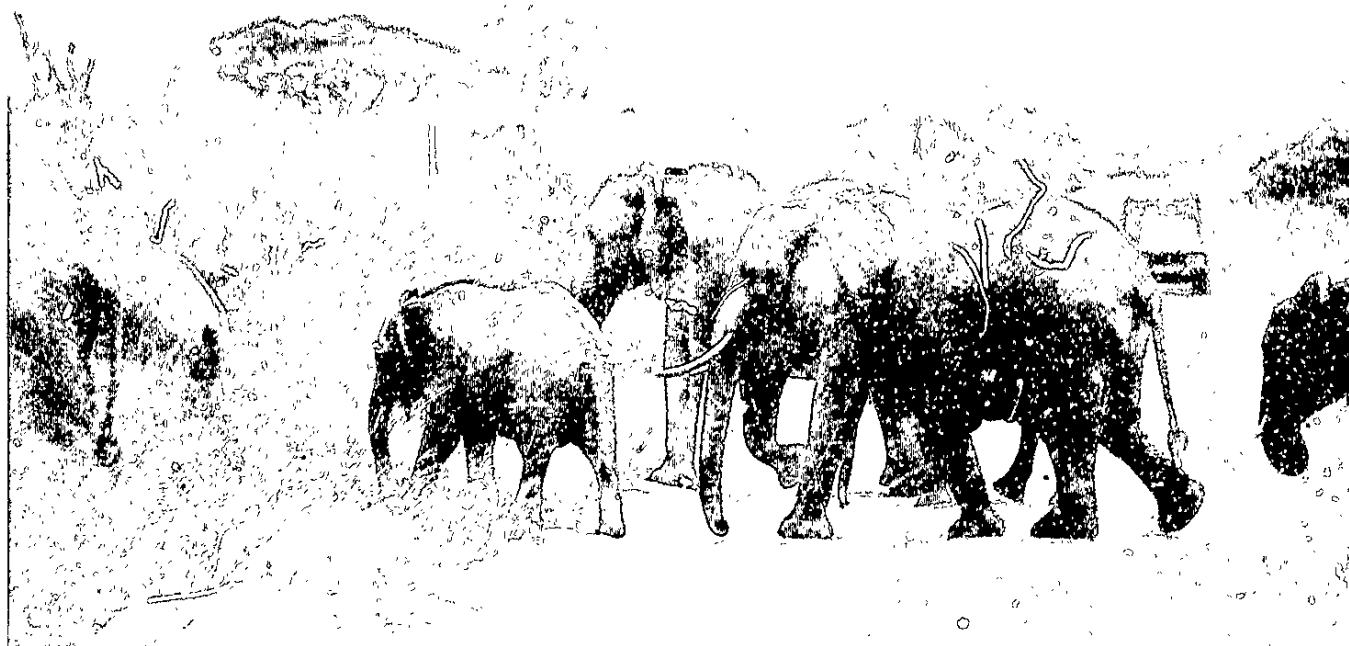
Booking trends for Summer 90 did not show any major improvement until late in the season when the demand actually outstripped supply. The late demand led to improved margins which, coupled with strict cost control, led to increased profits at the end of the year. Our new destinations sold very well, especially Kenya and Zakynthos.

Although the first half of 1989/90 was a difficult period for all tour operators, it may have been something of a watershed for the industry. Bookings taken before Christmas for Summer 90 were showing a 40% reduction

across the industry. It is pleasing to be able to report that, following years of price cutting and capacity growth, the industry's major operators responded in a more commercial manner by withdrawing surplus capacity from the market place. When demand returned for the peak summer months, many passengers found that rather than the discount they were used to obtaining on a late booking, they were having difficulty in securing the holiday of their choice even at the full brochure price. As a consequence, Summer 90 saw a substantial improvement in the fortunes of many operators despite a reduction in volumes compared with the previous year.

It appears that the lessons of Summer 90 have been taken to heart and that capacity control rather than the maximising of volume will be the basis of the





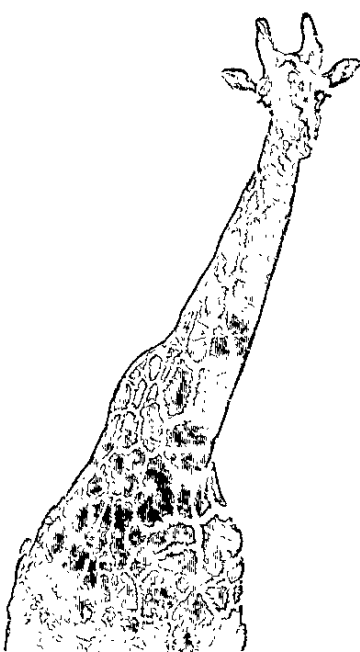
The operation of air-mills is a key to the success of the Air-mills in the future.


industry's future development. If this is so, the demise of a number of operators in recent years and the increased barriers to entry for newcomers posed by complex and expensive computerised booking systems, as well as the costs and difficulties of obtaining satisfactory bonding and flying arrangements, should provide scope for a substantial increase in profitability.

Aviation fuel prices more than doubled following the invasion of Kuwait. This increased cost was rapidly passed on from the airlines to the tour operators who, with few exceptions, had to absorb this cost as a result of the 'no surcharge' guarantee. It is very satisfying to be able to report that, unlike many of our competitors, we had secured satisfactory hedges against aviation fuel price increases long before the invasion. These hedges fully reimbursed all the

increased aviation costs imposed upon Airtours. Similar hedges are also in place to cover virtually the whole of our current Winter and Summer 91 programmes at a level below those costed into the original brochure prices.

Although most of our currency requirements through to the end of Summer 91 had already been contracted prior to entry, participation in the Exchange Rate Mechanism of the European Monetary System should work to our advantage as it reduces the level of uncertainty and therefore the cost of forward cover on all participating currencies. Most aviation costs are contracted in US dollars and are therefore unaffected by ERM entry, although the present strength of sterling against the dollar will, if sustained, obviously be to our advantage in future seasons.





Airtours is the largest charter operator to the Caribbean and in 1990 received a major award from the Barbados Tourist Authority.

► Jamaica ► Kenya ► Mauritius ► Amsterdam ► Berlin ► Moscow ► Paris ► Venice ► Vienna ► France ► Galapagos ► Canarys

Chairman's Statement

Continued

For Winter 1990/91 we have planned and are achieving a substantial increase in volumes and, following the success of our Paris and Berlin programmes, are operating a series of one day city trips to Amsterdam, Berlin, Moscow, Paris, Venice and Vienna.

In Summer 91 Airtours will be able for the first time to operate a substantial programme out of

London Gatwick, the major airport for charter services from the UK. Gatwick is Airtours' ninth departure airport and provides a further broadening of our geographic base.

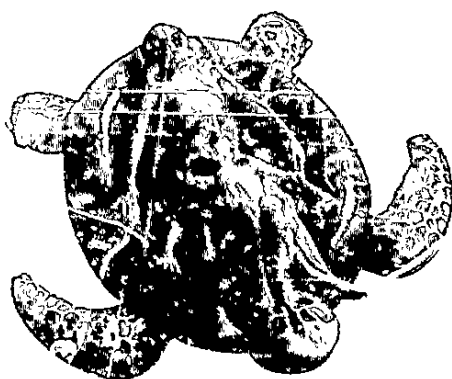
New destinations for Summer 91 include Turkey and the Bahamas, both of which are selling well.

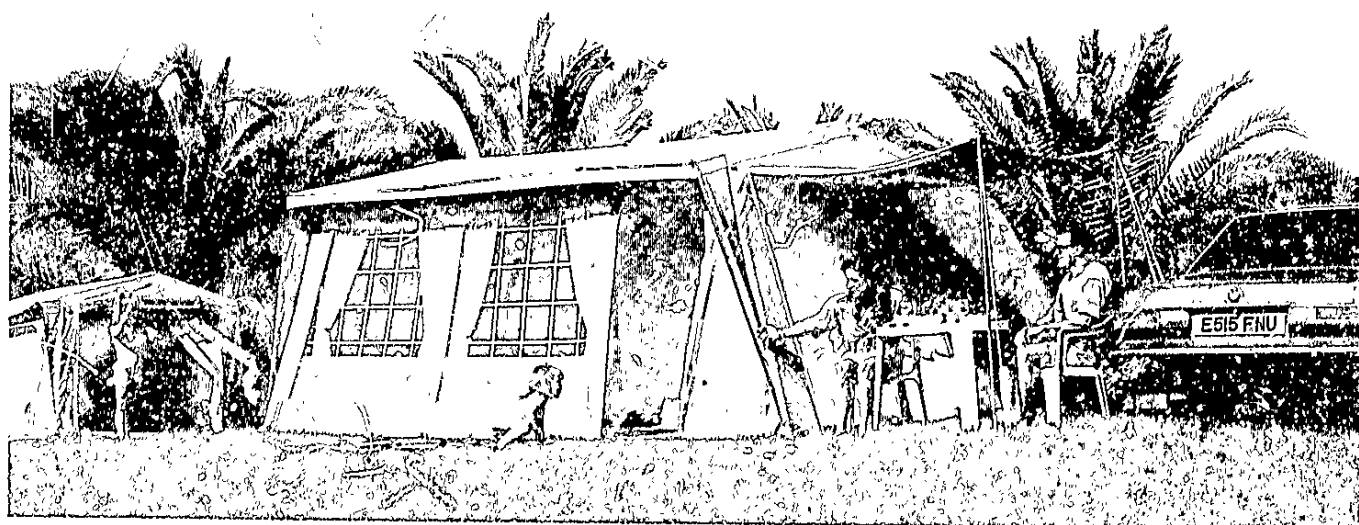
Having out-performed the competition in the difficult market of the last four years, Airtours is now ideally placed to take advantage of the better trading conditions arising from an improved balance of supply and demand for holidays.

EuroSites

EuroSites offers self-drive holidays, primarily in France, in high quality tented accommodation. The business commenced operation in

December 1989 and the first year





The diversification into self-drive camping holidays has been highly successful with EuroSites achieving the No 2 position in the marketplace at the end of its first season of operation.

has been one of considerable achievement with a 20% market share, making EuroSites the second biggest operator in this growing market. Over 50,000 passengers have travelled with EuroSites and almost without exception have registered a high degree of satisfaction with the quality of the product. This business is targeted at the independent traveller, which represents a broadening of our customer base, and the resulting mailing list now established should not only reduce future marketing costs but also provide opportunities for cross selling.

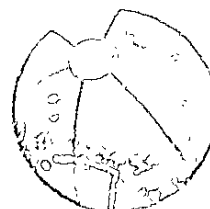
Encouraged by our success in selling EuroSites into our domestic market, we are now seeking to broaden the base of the business and have formed a sister company in Holland where there is a proven demand for this type of holiday.

The Cottage Directory

The Cottage Directory disappointed in its first year of operation. After the year end an offer was received for the business from a competitor, which, in the light of its poor performance, was accepted.

Airline

In August we announced the formation of an in-house airline to provide flying capacity for our core business. Our reasons for doing this were fully detailed in





Chairman's Statement

my letter to shareholders which referred to an anticipated change in the balance between supply and demand for charter aircraft in the UK market. A number of expected changes have now occurred, confirming the wisdom of our earlier decision.

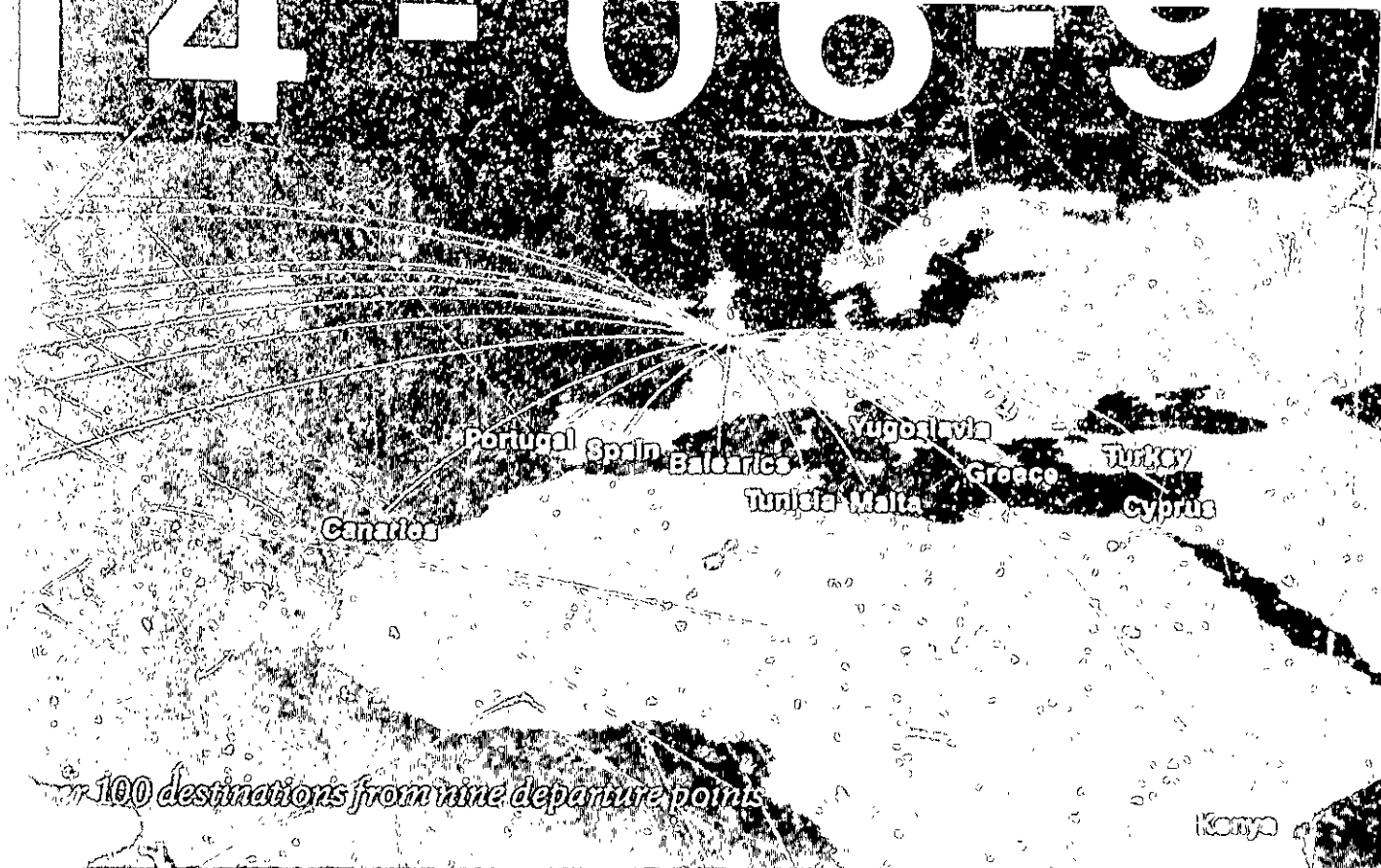
The airline will operate with five new aircraft under the Airtours name and will provide approximately 60% of our summer requirements and approximately 90% of our winter requirements. It is this latter figure which determines the number of aircraft which will be operated now or in the future because the key to the success of the airline is effective winter utilisation when demand is so much lower than in the summer months.

After much deliberation, the aircraft selected as best suited to our requirements was the McDonnell Douglas MD83.

Although less common in the UK, the MD83 is popular in the United States and in many European countries and is widely used in the charter industry where it has an excellent performance record. The aircraft, all of which are brand new, have been obtained on operating leases and are due for delivery to the Company in February and March 1991. The recruitment of senior management and flight deck crew is now complete and arrangements are in hand for the training of cabin crew and support staff so that the first commercial flight can take place in the Spring of 1991.

Balance Sheet

The profits generated during the year have substantially strengthened the Balance Sheet with net assets increasing to over £13m. There are no borrowings and at the year end there was over



£26m on deposit with our bankers.

In view of the development of the Airline, it was considered prudent to put in place a standby credit facility to cover the anticipated start up costs. A £7m unsecured revolving credit facility has been arranged by N M Rothschild & Sons Limited although the current strength of bookings and accompanying deposits makes it unlikely that this will be called upon.

Current Trading

The operating results of the first months of the new financial year have shown a significant improvement over the previous year although as always a seasonal loss was reported at the interim stage.

Despite relatively flat demand across the industry, there has been strong demand for all Air Tours products. Bookings are running substantially ahead of the previous year and are on budget for planned volume

increases at improved margins.

Once again we are increasing our market share. Within the airline, development is going to plan and within budgeted cost.

Although the situation in the Middle East gives cause for concern, if the industry continues to match capacity to demand, the future looks brighter than it has done for several years.

Staff

These results could not have been achieved without the quite exceptional levels of commitment which we continue to receive from all levels of management and staff. I would like to take this opportunity on behalf of the Board to record our appreciation of this support.

Charles

Directors' Report

The Directors present their report together with the financial statements for the year ended 30th September, 1990.

1. Principal Activities and Business Review

The principal activity of the Company is that of a tour operator. Its subsidiaries were dormant throughout the year.

During the year under review the Company has expanded its programme to include Mexico, Kenya, Zakynthos and Yugoslavia. In addition a successful "Day Trips" programme was launched in Winter 1989/90 and this is being expanded in Winter 1990/91. The Company has again in 1990 added to its portfolio of departure airports with an operation out of Liverpool. For 1991 London Gatwick is being offered as a new departure airport as the Company continues its policy of regional expansion at the same time as offering the consumer a wider choice of product from each departure point. The Company has also operated its own self-drive camping programme in 1990 which is being expanded in 1991.

During the year a new subsidiary, Airtours International Aviation (Guernsey) Limited, was formed in order to operate an in-house airline which will provide flying capacity to the core business. This Company will commence operation in March 1991.

In November 1990 the Company disposed of its cottage letting agency which traded as The Cottage Directory and consequently has no further involvement in that market.

2. Results and Dividend

The profit for the year after tax amounted to £4,360,000 (1989 — £3,332,000). The Directors recommend a final dividend of 6.75p (1989 — 5.5p) per Ordinary Share amounting to £1,086,000, in addition to the interim dividend of 1.5p (1989 — 1.5p) per Ordinary Share amounting to £241,000 paid on 30th July, 1990, leaving a retained profit of £3,033,000 to be added to reserves.

3. Directors

The Directors in office at the end of the year are listed below. All served on the Board throughout the year.

Mr M. D. Bishop retires by rotation and, being eligible, offers himself for re-election. Mr M. D. Bishop does not hold a service contract.

The beneficial interests of the Directors in the Ordinary Shares of the Company and its subsidiaries at 1st October, 1989, and at 30th September, 1990, as recorded in the register maintained by the Company in accordance with the provisions of the Companies Act 1985, were as follows:

	Ordinary Shares	
	1990	1989
D. Crossland	8,161,810	8,157,500
M. D. Bishop	10,000	10,000
A. H. Coe	5,000	5,000
H. H. Collinson	14,000	14,000
E. F. Sanderson	1,000	1,000
T. Trickett	3,117,500	3,117,500

	Class I Options over Ordinary Shares	
	1990	1989
D. Crossland	—	—
M. D. Bishop	—	—
A. H. Coe	125,000	95,000
H. H. Collinson	450,000	450,000
E. F. Sanderson	—	—
T. Trickett	—	—

In addition Mr A.H. Coe also held Class II Options over 65,000 Ordinary Shares at 30th September, 1990 (1989 — none).

	Warrants over Ordinary Shares	
	1990	1989
D. Crossland	678,250	678,250
M. D. Bishop	1,000	1,000
A. H. Coe	5,000	5,000
H. H. Collinson	6,400	6,400
E. F. Sanderson	100	100
T. Trickett	174,250	174,250

Directors' Report

Continued

In the period between 30th September, 1990 and 30th November, 1990 there were no changes in these holdings.

No Director had, during or at the end of the year, any material interest in a contract which was significant in relation to the Company's business.

Messrs Bishop and Sanderson are non-executive Directors. Mr Bishop is Chairman and controlling shareholder of Airlines of Britain Holdings plc, parent company of British Midland Airways, Manx Airlines and Loganair. Mr Sanderson is a Director and Chief Executive of The British Linen Bank Limited and is also a non-executive Director of Cablevision (Scotland) plc, English & Overseas Properties plc and Melville Street Investments plc.

4. Fixed Assets

The principal items of capital expenditure were on the purchase of tents and camping equipment (£2,063,000).

The net book amount of fixed assets sold during the year was £111,000.

5. Employee Involvement

The Company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Company.

This is achieved through consultations with employees generally and through the medium of the Company newsletter.

6. Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

7. Tax Status

The Directors are of the opinion that the Company is a close company

within the provisions of the Income and Corporation Taxes Act 1988.

8. Substantial Shareholders

Mr D. Crossland and Mr T. Trickett who are Directors of the Company hold 51% and 19% respectively of the issued share capital of the Company.

Under an agreement dated 2nd December, 1988, which is to be effective for up to five years, Mr T. Trickett transferred to Mr D. Crossland the voting rights in respect of 2,200,000 of his shares in the Company and agreed not to sell such shares without Mr Crossland's consent prior to the expiry of such agreement.

Save as referred to above, the Directors have not been notified that, as at 30th November, 1990, any other person was interested in 3% or more of the issued share capital of the Company.

9. Donations

The Company made charitable donations of £2,500 during the year. No political donations were made during the year.

10. Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 384(1) of the Companies Act 1985.

By order of the Board

T. S. Detko *T S Detko*
Secretary
21st December, 1990

Registered office:
Wavell House
Holcombe Road
Helmshore
Rossendale
Lancashire BB4 4NB

Shareholder Information

Financial Diary

Interim results announced 27th June, 1990

Final results announced 10th December, 1990

Annual General Meeting to be held 24th January, 1991

Dividend Payment Dates

Interim paid 30th July, 1990

Final payable 20th February, 1991

Tax Information

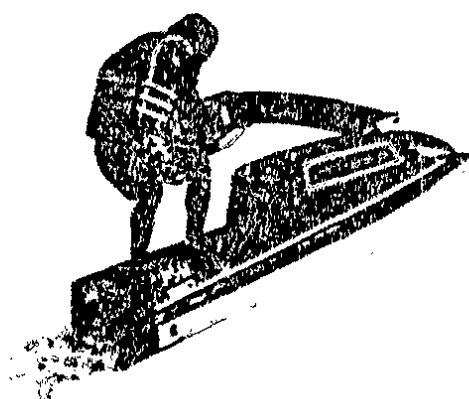
Dividends	Dividends	Related Tax Credits
Interim	1.50p per share	0.50p per share
Proposed final	6.75p per share	2.25p per share

Analysis of Ordinary Shareholders as at 30th September, 1990

	Number	%	Holding	%
Individuals	327	84.06	11,659,769	72.47
Banks and Nominee Holdings	42	10.79	4,022,991	25.00
Institutions:				
Investment and Unit Trusts	1	0.26	5,000	0.03
Pension Funds	1	0.26	132,196	0.82
Others	18	4.63	270,369	1.68
	389	100.00	16,090,325	100.00

Shareholders' Benefits

Individual registered holders of Ordinary Shares in the Company are eligible for concessionary discounts, details of which are available on request from the Company. There is no minimum shareholding requirement.



Auditors' Report

Grant Thornton 

To the members of Airtours plc

We have audited the financial statements on pages 15 to 26 in accordance with Auditing Standards.

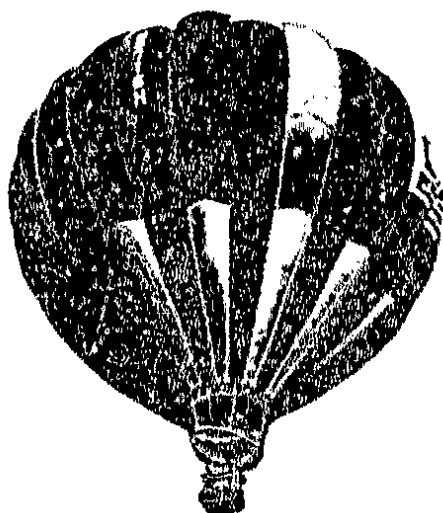
In our opinion the financial statements give a true and fair view of the state of affairs of the Group and the Company at 30th September, 1990, and of the profit and source and application of funds of the Group for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

Grant Thornton

21st December, 1990

Manchester



Statement of Accounting Policies

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the Group have remained unchanged from the previous year and are set out below.

1. Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company and of its subsidiaries (see Note 9). The financial statements of each Company in the Group are prepared to 30th September. All unrealised internal profits are eliminated on consolidation.

None of the subsidiaries has traded during the year and consequently no profit or loss arises in their individual financial statements.

2. Turnover

Turnover is the total amount receivable by the Group from the sale of package holidays and other services supplied to customers in the ordinary course of business, net of agents commissions. Revenues and expenses relating to package holidays are taken to the profit and loss account on flight or holiday departure.

3. Depreciation

Depreciation on leasehold properties, camping and computer equipment is calculated to write down their cost or valuation by equal annual instalments over their expected useful lives.

Depreciation on other tangible fixed assets is calculated on the reducing balance method and aims to write down the cost of all such assets over their expected useful lives.

The rates/periods generally applicable are:

- (i) Short leasehold properties — Period of lease
- (ii) Camping and computer equipment — four years
- (iii) Fixtures, fittings and equipment — 10%
- (iv) Motor vehicles — 25%

4. Purchased Goodwill

Purchased goodwill is eliminated from the financial statements by immediate write-off against reserves.

5. Deferred Tax

Deferred tax is the tax attributable to timing differences between profits computed for tax purposes and profits as stated in the financial statements.

Deferred tax is provided to the extent that it is probable that a liability or asset will crystallise and not provided to the extent that it is probable that a liability or asset will not crystallise. Deferred tax not provided is disclosed as a contingent liability.

Deferred tax is calculated at the rate at which it is estimated that the tax will be paid when the timing differences reverse.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that it is foreseen that sufficient corporation tax will be assessed in the succeeding period to allow offset.

6. Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date or, to the extent that foreign currency denominated liabilities are covered by forward exchange contracts, at the appropriate contract rates. All realised exchange differences are dealt with through the profit and loss account.

7. Brochure and Promotional Costs

Brochure and promotional costs are charged to the profit and loss account in the season to which they relate.

8. Leased Assets

Where assets are financed by leasing agreements which give risks and rewards approximating to ownership ("finance leases") they are treated as if they had been purchased outright on credit. They are therefore initially recorded as a fixed asset and a liability at a sum equal to the fair value of the asset. Leasing payments on such assets are regarded as consisting of a capital element, which reduces the outstanding liability, and an interest charge.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

9. Pension Costs

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Group Profit and Loss Account

Year ended 30th September

		1990		1989
	Notes	£000	£000	£000
Turnover	1		183,001	155,637
Cost of sales			166,529	144,764
Gross profit			16,472	10,873
Selling costs		2,167		1,674
Administrative expenses		6,802		4,505
Other charges		2,211		1,226
			11,180	7,405
Operating profit			5,292	3,468
Interest receivable and sundry income	2		1,015	1,744
Profit on ordinary activities before tax	1		6,307	5,212
Tax on profit on ordinary activities	4		1,947	1,880
Profit for the financial year	5		4,360	3,332
Dividends	6		1,327	1,120
Profit retained	15		3,033	2,212
Basic earnings per share	7		27.20p	20.82p
Fully diluted earnings per share	7		25.77p	n/a

The accounting policies on page 15 and notes on pages 20 to 26 form part of these financial statements.

Group Balance Sheet

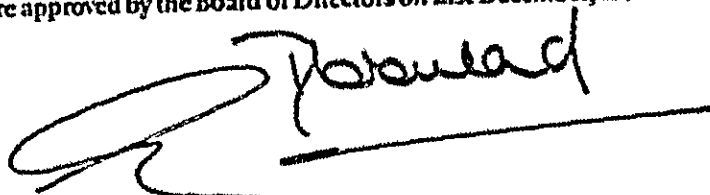
At 30th September

		1990		1989
	Notes	£000	£000	£000
Fixed assets				
Tangible assets	8		6,096	4,953
Current assets				
Debtors	10	12,869		13,792
Cash at bank and in hand		26,455		20,083
		39,324		33,875
Creditors: amounts falling due within one year	11	31,394		27,331
Net current assets			7,930	6,544
Total assets less current liabilities			14,026	11,497
Creditors: amounts falling due after more than one year	12	1,011		1,101
Provisions for liabilities	13	13		226
			1,024	1,327
Net assets			13,002	10,170
Capital and reserves				
Called up share capital	14		1,609	1,600
Share premium account	15		1,321	1,308
Profit and loss account	15		10,072	7,262
			13,002	10,170

The financial statements were approved by the Board of Directors on 21st December, 1990.

D. Crossland
A. H. Coe

Directors



The accounting policies on page 15 and notes on pages 20 to 26 form part of these financial statements.

Company Balance Sheet

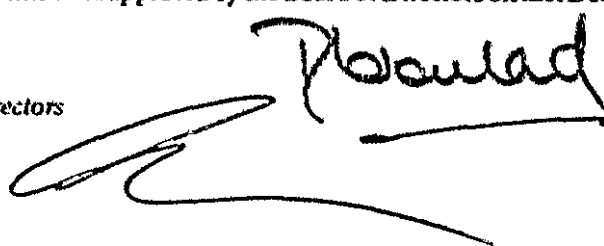
At 30th September

	Notes	1990 £000	1989 £000
Fixed assets			
Tangible assets	8	6,096	4,953
Investments	9	27	27
		<u>6,123</u>	<u>4,980</u>
Current assets			
Debtors	10	12,869	13,792
Cash at bank and in hand		26,455	20,083
		<u>39,324</u>	<u>33,875</u>
Creditors: amounts falling due within one year	11	31,394	27,331
Net current assets		<u>7,930</u>	<u>6,544</u>
Total assets less current liabilities		<u>14,053</u>	<u>11,524</u>
Creditors: amounts falling due after more than one year	12	1,064	1,154
Provisions for liabilities	13	13	226
		<u>1,077</u>	<u>1,380</u>
Net assets		<u>12,976</u>	<u>10,144</u>
Capital and reserves			
Called up share capital	14	1,609	1,600
Share premium account	15	1,321	1,308
Profit and loss account	15	10,046	7,236
		<u>12,976</u>	<u>10,144</u>

The financial statements were approved by the Board of Directors on 21st December, 1990.

D. Crossland
A. H. Coe

Directors



The accounting policies on page 15 and notes on pages 20 to 26 form part of these financial statements.

Group Statement of Source and Application of Funds

Year ended 30th September

	1990	1989
	£000	£000
Source of funds		
From operations		
Profit on ordinary activities before tax	6,307	5,212
Adjustments for items not involving the movement of funds		
Depreciation and amounts written off fixed assets	1,897	692
(Profit)/loss on sale of fixed assets	(37)	49
	<u>1,860</u>	<u>741</u>
Generated from operations	8,167	5,953
From other sources		
Issue of share capital (net of expenses)	22	—
Proceeds of disposals of tangible fixed assets	148	136
Lease finance	<u>205</u>	<u>2,090</u>
	<u>375</u>	<u>2,226</u>
	8,542	8,179
Application of funds		
Dividends paid	1,121	1,024
Tax paid	2,769	1,459
Purchase of tangible fixed assets	3,151	4,037
Lease and hire purchase payments	449	500
Purchase of goodwill	<u>223</u>	<u>75</u>
	<u>7,713</u>	<u>7,095</u>
Net inflow of funds	<u>829</u>	<u>1,084</u>
Increases/(decreases) in working capital		
Debtors	(923)	3,450
Creditors: amounts falling due within one year	<u>(4,520)</u>	<u>(6,793)</u>
	(5,543)	(3,343)
Net liquid funds		
Cash at bank and in hand	<u>6,372</u>	<u>4,427</u>
Net increase in working capital	<u>829</u>	<u>1,084</u>

Notes to the Financial Statements

Year ended 30th September

1. Turnover and profit on ordinary activities before tax

The turnover and profit before tax arise from the Group's activities as a tour operator.

An analysis of turnover by geographical market is given below:

	1990 £000	1989 £000
United Kingdom	102,984	155,637
Other EEC countries	17	—
	183,001	155,637

Profit on ordinary activities is stated after charging:

	1990 £000	1989 £000
Finance lease interest	183	64
Operating lease payments	107	97
Auditors' remuneration	41	37
Depreciation of tangible fixed assets		
— owned	1,296	476
— held under finance leases	601	216

Corresponding amounts for cost of sales, selling costs and administrative expenses in the Group's profit and loss account have been reclassified where necessary to ensure comparability with the classifications used in the year to 30th September, 1990.

2. Interest receivable and sundry income

	1990 £000	1989 £000
Bank interest receivable	988	1,716
Sundry income	27	28
	1,015	1,744

3. Directors and employees

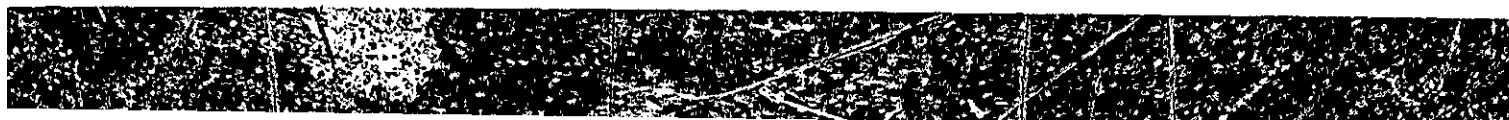
Staff costs during the year:

	1990 £000	1989 £000
Wages and salaries	5,074	3,486
Social security costs	458	287
Other pension costs	83	68
	5,615	3,841

The average number of employees during the year was 571 (1989 — 389).

Remuneration in respect of the Directors was payable as follows:

	1990 £000	1989 £000
Directors' management remuneration	573	474



3. Directors and employees *continued*

The emoluments of the Directors, excluding pension contributions, were as follows:

The Chairman

1990	1989
£000	£000
163	128

Other Directors:

£5,001— £10,000
£10,001— £15,000
£15,001— £20,000
£20,001— £25,000
£25,001— £30,000
£30,001— £35,000
£35,001— £40,000
£40,001— £45,000
£45,001— £50,000
£50,001— £55,000
£55,001— £60,000
£60,001— £65,000
£65,001— £70,000
£70,001— £75,000
£75,001— £80,000
£80,001— £85,000
£85,001— £90,000
£90,001— £95,000
£95,001— £100,000
£100,001— £105,000
£105,001— £110,000
£110,001— £115,000
£115,001— £120,000
£120,001— £125,000
£125,001— £130,000
£130,001— £135,000
£135,001— £140,000
£140,001— £145,000
£145,001— £150,000
£150,001— £155,000
£155,001— £160,000

1990	1989
Number	Number
—	1
1	—
—	1
1	—
—	1
1	—
—	1
1	—
—	1
1	—
—	1
1	—

Higher paid employees

Employees receiving more than £30,000 during the year, excluding pension contributions, were as follows:

£30,001—£35,000
£35,001—£40,000
£40,001—£45,000
£45,001—£50,000
£50,001—£55,000
£55,001—£60,000
£60,001—£65,000
£65,001—£70,000
£70,001—£75,000
£75,001—£80,000

1990	1989
Number	Number
3	2
2	2
2	1
1	—
1	—
—	1
4	3
2	—

Pensions

The Company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the Company.

4. Tax on profit on ordinary activities

The tax charge is based on the profit for the year and is made up as follows:

UK Corporation tax at 35% (1989 — 35%)
Deferred tax

1990	1989
£000	£000
2,516	1,403
(277)	477
2,239	1,880
Adjustments in respect of prior years:	
UK Corporation tax	(425)
Deferred tax	133
1,947	1,880

The 1990 tax charge has been reduced as a result of the roll over and hold over of chargeable gains.

Income and Corporation Taxes Act 1988

The Company is a close company as defined by Section 414 of the Income and Corporation Taxes Act 1988.

Notes to the Financial Statements

Continued

5. Profit for the financial year

The parent company has taken advantage of Section 228(7) of the Companies Act 1985 and not included its own profit and loss account in these financial statements. The whole of the Group profit arises in the financial statements of the parent company. No subsidiary has traded during the two years ending on 30th September, 1990.

6. Dividends

Ordinary Shares:

Interim dividend paid 1.5p per share (1989 — 1.5p per share)

Proposed final dividend of 6.75p per share payable 20th February, 1991 (1989 — 5.5p per share)

1990	1989
£000	£000
241	240
1,086	880
1,327	1,120

7. Earnings per share

The calculation of basic earnings per share is based on the profit on ordinary activities for the year after tax of £4,360,000 (1989 — £3,332,000) and on 16,030,901 Ordinary Shares of 10p each, being the weighted average number of shares in issue during the year ended 30th September, 1990 (1989 — 16,000,162 Ordinary Shares).

The calculation of fully diluted earnings per share takes account of the outstanding share options and warrants.

8. Tangible fixed assets

The Group and the Company:

	Total £000	Short leasehold properties £000	Fixtures, fittings and equipment £000	Motor vehicles £000
Cost				
At 1st October, 1989	6,253	369	5,601	283
Additions	3,151	112	2,842	197
	9,404	481	8,443	480
Disposals	184	28	47	109
At 30th September, 1990	9,220	453	8,396	371
Depreciation				
At 1st October, 1989	1,300	81	1,119	100
Provided in year	1,897	47	1,798	52
	3,197	128	2,917	152
Attributable to disposals	73	8	10	55
At 30th September, 1990	3,124	120	2,907	97
Net book value at 30th September, 1990	6,096	333	5,489	274
Net book value at 30th September, 1989	4,953	288	4,482	183

The net book value of fixed assets of £6,096,000 includes an amount of £1,842,000 in respect of assets held under finance leases on which depreciation of £601,000 has been provided in the year.

9. Fixed asset Investments

The Company:

Shares in
subsidiary
companies
£000

Cost and net book value

At 1st October, 1989 and 30th September, 1990

27

At 30th September, 1990 the Company held more than 10% of the allotted share capital of the following companies:

Subsidiaries	Class of share capital held	Proportion held	Nature of business
Airtours Holidays Limited	Ordinary	100%	Dormant
Airtours Publicity Limited	Ordinary	100%	Dormant
Sunsales Limited	Ordinary	100%	Dormant
Airtours Vacations Limited	Ordinary	100%	Dormant
Carousel Holidays Limited	Ordinary	100%	Dormant
Skyseats Limited	Ordinary	100%	Dormant
Skitours Limited	Ordinary	100%	Dormant
Ski America Limited	Ordinary	100%	Dormant
Ski Canada Limited	Ordinary	100%	Dormant
The Cottage Directory Limited	Ordinary	100%	Dormant
Eurosites Limited	Ordinary	100%	Dormant
Airtours Aviation Limited	Ordinary	100%	Dormant
Airtours International Airways Limited	Ordinary	100%	Dormant
Airtours International Aviation (Guernsey) Limited	Ordinary	100%	Airline

With the exception of Airtours International Aviation (Guernsey) Limited which is incorporated in Guernsey all the other companies listed are incorporated in Great Britain.

10. Debtors

The Group and the Company:

1990

1989

£000

£000

Amounts falling due within one year:

Trade debtors	1,391	2,234
Other debtors	3,444	2,008
Deposits and prepayments	8,034	9,550
	<u>12,869</u>	<u>13,792</u>

11. Creditors: amounts falling due within one year

The Group and the Company:

1990

1989

£000

£000

Trade creditors	8,866	6,405
Current taxation	2,354	2,963
Social security and other taxes	112	93
Other creditors	2,462	3,826
Proposed dividends	1,086	880
Accruals	590	156
Amounts due under finance leases (net of finance charges allocated to future periods)	502	656
Revenue received in advance	15,422	12,352
	<u>31,394</u>	<u>27,331</u>

Notes to the Financial Statements

Continued

12. Creditors: amounts falling due after more than one year

	The Group		The Company	
	1990	1989	1990	1989
	£000	£000	£000	£000
Amounts owed to Group companies			53	53
Amounts due under finance leases (net of finance charges allocated to future periods)	1,011	1,101	1,011	1,101
	<u>1,011</u>	<u>1,101</u>	<u>1,064</u>	<u>1,154</u>

Amounts due under finance leases are all repayable within five years.

13. Provisions for liabilities: Deferred tax

The Group and the Company:

	1990	1989
	£000	£000
At 1st October, 1989	226	
(Credited)/charged during the year	(144)	441
Advance corporation tax on proposed dividend	(69)	(215)
At 30th September, 1990	<u>13</u>	<u>226</u>

Deferred tax which has been fully provided in the financial statements comprises:

The Group and the Company:

	1990	1989
	£000	£000
Accelerated capital allowances	140	141
Short term timing differences	65	378
Capital gains held over	170	—
Less: Advance corporation tax	(362)	(293)
	<u>13</u>	<u>226</u>

14. Called up share capital

	1990	1989
Authorised	£000	£000
22,000,000 Ordinary Shares of 10p each	<u>2,200</u>	<u>2,200</u>
Allotted, called up and fully paid		
16,090,325 Ordinary Shares of 10p each		
(1989 — 16,000,325 Ordinary Shares of 10p each)	<u>1,609</u>	<u>1,600</u>

90,000 Ordinary Shares were issued during the year ended 30th September, 1990 under the terms of the Employee Share Option Scheme for a total cash consideration of £22,500.

Warrants in issue

Details of the Warrants still in issue:

	Option price	1990	1989
Number of Ordinary Share warrants	200p	<u>1,324,675</u>	<u>1,324,675</u>

The warrants are normally exercisable on 28th February in each of the years from 1988 to 1992 inclusive.

Contingent rights to the allotment of shares

At 30th September, 1990 the following options to subscribe for Ordinary Shares of 10p each, issued under the terms of the Employee Share Option Scheme, were outstanding:

Class I	Class II	Option Price	Date of Grant
480,000	—	25p	28th February, 1987
125,000	—	103p	4th July, 1988
30,000	—	146p	24th January, 1989
<u>60,000</u>	<u>267,500</u>	<u>129p</u>	<u>7th August, 1990</u>

Class I options are normally exercisable during the period between three and ten years following the date of grant and Class II options are normally exercisable during the period between five and ten years following the date of grant.

Notes to the Financial Statements

Continued

15. Share premium account and reserves

	Share premium account £000	Profit and loss account £000
The Group:		
At 1st October, 1989	1,308	7,262
Retained profit for the year	—	3,033
Goodwill written off	—	(223)
Premium on allotments during the year	13	—
At 30th September, 1990	1,321	10,072
The Company:		
At 1st October, 1989	1,308	7,236
Retained profit for the year	—	3,033
Goodwill written off	—	(223)
Premium on allotments during the year	13	—
At 30th September, 1990	1,321	10,046

The balance on the share premium account may not be distributed under Section 264 of the Companies Act 1985.

16. Contingent liabilities and guarantees

At 30th September, 1990, there were contingent liabilities under counter indemnities given to the Group's Bankers in the normal course of business in respect of ABTA bonds and other guarantees amounting to £17,887,000 (1989 — £15,543,000).

17. Capital commitments

Authorised by the Board at 30th September, 1990 but not contracted for: £250,000 (1989 — £nil).

Other than the above, neither the Group nor the Company had any capital commitments at 30th September, 1990 or 30th September, 1989.

18. Leasing commitments

Operating lease payments amounting to £4,225,000 (1989 — £147,000) including commitments entered into after 30th September, 1990 are due within one year. The commitments to make the payments included in this sum expire as follows:

	1990 £000	1989 £000
In one year or less	15	11
Between two and five years	175	136
In five years or more	4,035	—
	4,225	147

Five Year Summary

	1990	1989	1988	1987	1986
	£000	£000	£000	£000	£000
Turnover					
Continuing activities	183,001	155,637	102,508	68,313	54,978
Discontinued activities					11,197
	183,001	155,637	102,508	68,313	66,175
Profit/(Loss) on ordinary activities before tax					
Continuing activities	6,307	5,212	4,084	2,031	2,485
Discontinued activities					(459)
	6,307	5,212	4,084	2,031	2,026
Tax	1,947	1,880	1,314	716	747
Profit on ordinary activities after tax	4,360	3,332	2,770	1,315	1,279
Extraordinary item				1,275	
Profit for the financial year	4,360	3,332	2,770	2,590	1,279
Dividends	1,327	1,120	1,000	127	315
Profit retained	3,033	2,212	1,770	2,463	964
Net assets	13,002	10,170	8,033	5,791	2,399
Earnings per share	27.20p	20.82p	17.43p	8.55p	8.53p
Dividend per share	8.25p	7.00p	6.25p	n/a	n/a
Dividend cover	3.30	2.97	2.79	n/a	n/a
Net assets per share	80.81p	63.56p	50.21p	36.77p	16.00p

Notice of Meeting

Notice is hereby given that the 1991 Annual General Meeting of the Company will be held at The Stanneylands Hotel, Wilmslow, Cheshire on Thursday, 24th January, 1991 at 11.30 am for the following purposes:

1. To receive and adopt the Directors' Report, the Financial Statements and the Auditors' Report for the year ended 30th September, 1990.
2. To declare a final dividend.
3. To re-elect as a Director of the Company Mr M. D. Bishop who retires as a Director by rotation.
4. To re-appoint the auditors.
5. To authorise the Directors to fix the remuneration of the auditors.
6. To transact any other ordinary business.
7. As special business, to consider and, if thought fit, pass the following resolution which will be proposed as a Special Resolution.

That:

- (a) The Directors be and are hereby empowered pursuant to Section 95(1) of the Companies Act 1985 until the next Annual General Meeting of the Company (or, if sooner, until the expiry of fifteen months after the passing of this Resolution) to allot equity securities (as defined by Section 94(2) of that Act) pursuant to the general authority conferred on the Directors on 28th January, 1988 in accordance with Section 80 of that Act as if Section 89(1) of that Act did not apply to the allotment; provided that the power conferred by this Resolution shall be limited to:
 - (i) such exclusions or other arrangements as the Directors of the Company may consider appropriate to resolve any legal or practical problems arising in connection with the allotment of equity securities by way of rights to holders of Ordinary Shares where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them.
 - (ii) the allotment (otherwise than pursuant to (i) above) of equity securities up to an aggregate nominal amount of £80,450 (being 5% of the aggregate nominal value of the Company's existing issued equity share capital); and
- (b) the Company may at any time prior to the expiration of the power conferred by this Resolution make an offer or agreement which would or might require equity securities to be allotted pursuant thereto after the expiration of such authority.

By order of the Board

T. S. Detko *T. S. Detko*

Secretary

21st December, 1990

Notes:

1. A member of the Company entitled to attend and vote at the meeting may appoint one or more persons as their proxy to attend and vote on their behalf. The proxy, who need not be a member, shall only be entitled to vote on a poll. A form of proxy is enclosed and members who wish to use it should see that it is deposited, duly completed, at the transfer office of the Company not less than 48 hours before the meeting.
2. The transfer books of the Company will be closed on 28th January, 1991. Subject to the approval of the final dividend at the Annual General Meeting, dividend warrants will be posted on 19th February, 1991.
3. The register of Directors' interests and copies of Directors' service agreements will be available for inspection by members at the registered office of the Company during normal business hours from 21st December, 1990 until the conclusion of the Annual General Meeting.