

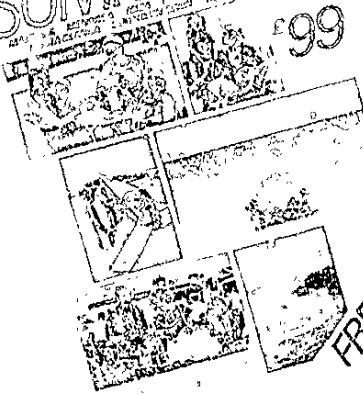


AIRTOURS PLC

ANNUAL  
REPORT AND  
ACCOUNTS

1987

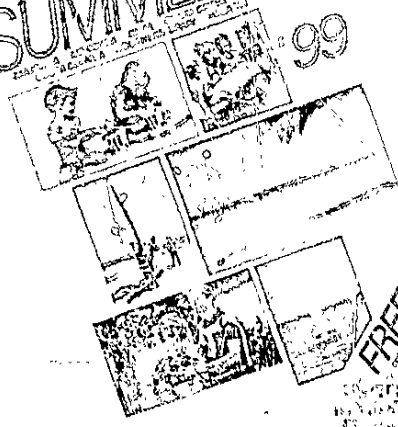
SUMMER '88



WINTER SUN



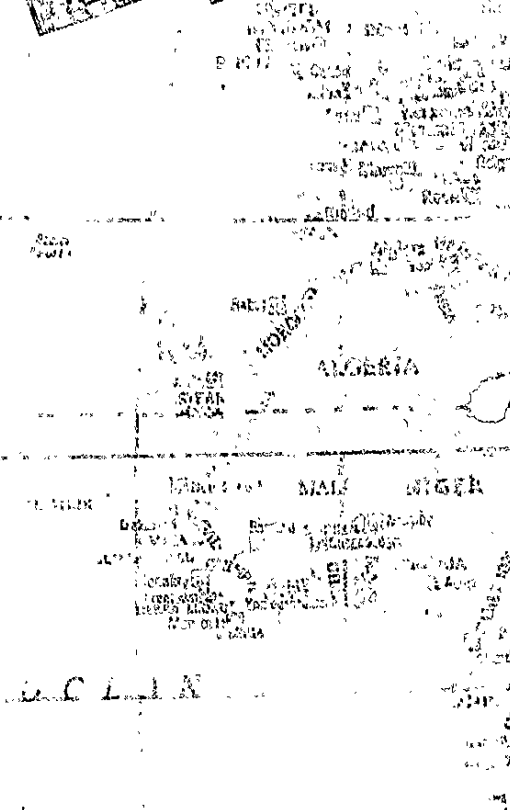
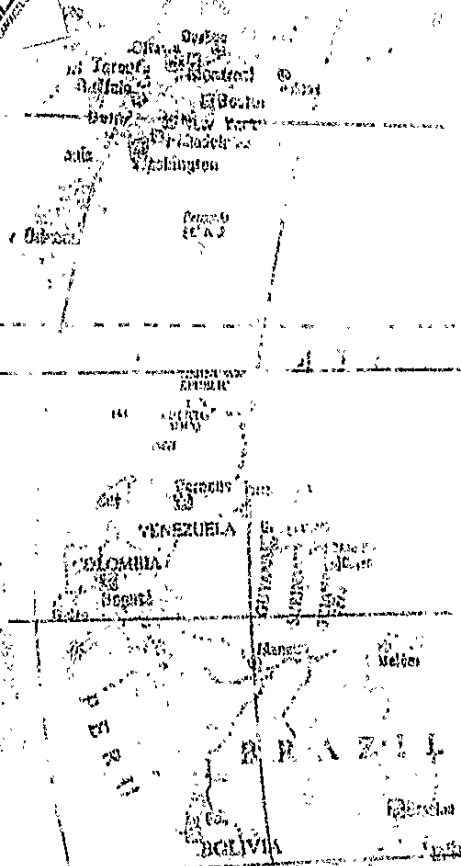
SUMMER '88



AIRTOURS  
MAY-DECEMBER '88  
**CARIBBEAN**  
JAMAICA BARBADOS  
DOMINICAN REP.



TWO WEEKS  
PRICES FROM  
**£299**  
**£499**  
FLYING FROM MANCHESTER AND LONDON



AIRTOURS  
MAY-DECEMBER '88  
**JAMAICA**



TWO WEEKS  
FROM ONLY  
**£299**

SUMMER '88

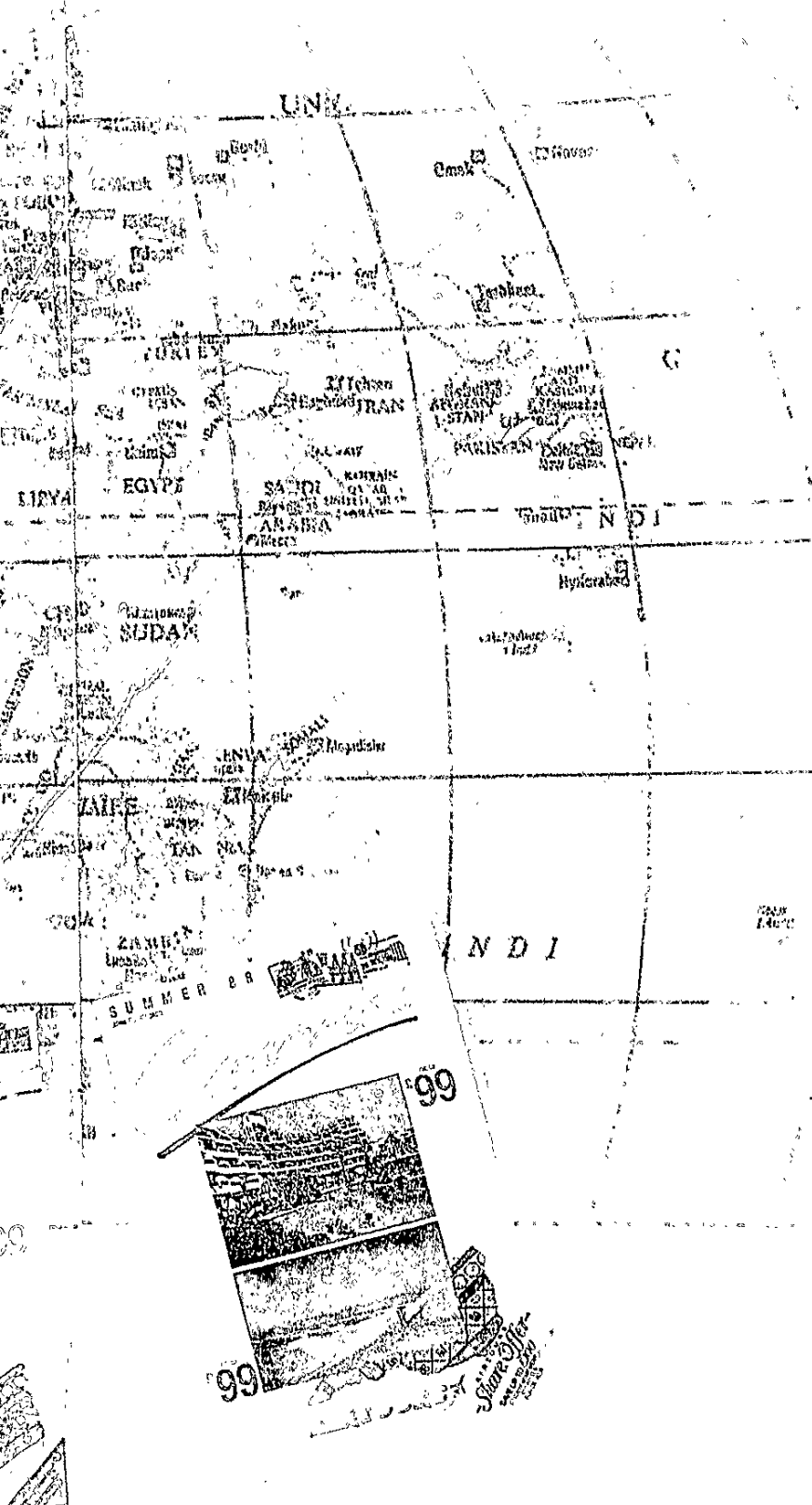
COLOURS OF  
*Greece*  
AND CYPRUS



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# CONTENTS

	Page
Directors and Advisers	2
Results in Brief	3
Chairman's Statement	4
Directors' Report	6
Statement of Accounting Policies	8
Group Profit and Loss Account	10
Group Balance Sheet	11
Company Balance Sheet	12
Group Statement of Source and Application of Funds	13
Notes to the Financial Statements	14
Auditors' Report	20
Five Year Summary	21
Notice of Meeting and Financial Diary	22
Form of Proxy	23



COMPANIES REGISTRATION  
17 MAR 1953  
M OFFICE 4

## DIRECTORS AND ADVISERS

### **Directors**

David Crossland (*Chairman*)  
Michael David Bishop, CBE  
Harold Hugh Collinson, FCA (*Managing*)  
Eric Fenton Sanderson, CA  
Thomas Trickett

### **Secretary and Registered Office**

Tadeusz Stephen Detko, ACA  
Wavell House, Holcombe Road, Helmshore,  
Rossendale, Lancashire BB4 4NB.

### **Auditors**

Grant Thornton, *Chartered Accountants*,  
Heron House, Albert Square, Manchester M2 5HD.

### **Solicitors to the Company**

Addleshaw, Sons & Latham,  
Dennis House, Marsden Street, Manchester M2 1JD.

### **Principal Bankers**

Barclays Bank PLC,  
28/34 Manchester Road,  
Nelson, Lancashire BB9 7EH.

The British Linen Bank Limited,  
19/21 Spring Gardens, Manchester M2 1EB.

Citibank N.A.,  
Abbey House,  
74/76 Mosley Street, Manchester M2 3EH.

### **Financial Advisers**

The British Linen Bank Limited,  
4 Melville Street, Edinburgh EH3 7NZ.

### **Stockbrokers**

de Zoete & Bevan Limited,  
Ebbgate House, 2 Swan Lane, London EC4R 3TS.

Henry Cooke, Lumsden Limited,  
No. 1 King Street, Manchester M60 3AH.

### **Registrars and Transfer Office**

Bank of Scotland,  
Registrar Department,  
26A York Place, Edinburgh EH1 3EY.

11/11/87

# RESULTS IN BRIEF

	1987 £000	1986 £000
Turnover	68,313	66,175
Profit before taxation	2,031	2,026
Retained profit	2,463	964
Net assets	5,791	2,399
Earnings per share	8.55p	8.53p
Dividends per share	2.70p	2.10p

Note—Turnover and profit before tax in respect of 1986 include amounts of £11,197,000 and a loss of £459,000 respectively relating to the Company's discontinued activities.

## CHAIRMAN'S STATEMENT

I have pleasure in presenting my first Chairman's Statement since the Company was listed on The Stock Exchange.

The turnover for the year for tour operating increased from £54,973,000 to £68,313,000 and the attributable profit before tax was £2,031,000, compared to an overall profit in 1986 of £2,026,000 of which £2,485,000 was derived from tour operating. I have already written to you regarding the shortfall in our profit forecast and I would like to emphasise what a great disappointment it was to your Board and all the management.

The summer of 1987 was one of the worst seasons ever experienced by tour operators with substantial over-capacity in the marketplace. Most surprisingly the major tour operators did not reduce volume early in the season with the result that thousands of holidays were discounted to prices well below £100. This situation continued through most of the summer and eroded the margins attributable to brochured holidays.

From the latter part of July the traditional tour operating pattern emerged with high demand and good margins. However, there was still over-capacity from Manchester Airport and spasmodic heavy discounting took place. Unfortunately in August the air traffic controllers strike in Spain and the terrorist bombs in Tunisia had a detrimental effect on bookings and the remaining stock had to be sold at substantial discounts.

The Directors propose that the forecast final dividend of 2.7p per share, amounting to £127,575, should be recommended to the Annual General Meeting. Both Mr Trickett and I have waived our dividends which jointly would have amounted to £297,675. To demonstrate its confidence in the future, the Board is proposing an issue of warrants on the basis of one warrant for every 10 shares held exercisable at £2 per share. This proposal will be put to an Extraordinary General Meeting and the details are enclosed with this Report and Accounts together with the Notice of the Meeting. Subject to approval at the Extraordinary General Meeting, Mr Trickett and I will be subscribing immediately for 250,000 warrants which will provide for the Company new capital of £500,000. This capital together with the dividend waiver will compensate the balance sheet for the net shortfall in the profit forecast. The Company remains in a strong financial position which will be further enhanced by this injection of new capital.

During the year, the management continued to develop the range of holidays offered by launching two new products. The first was a programme of charter package holidays to Barbados at highly competitive prices. These holidays sold exceptionally well and created wide ranging, good publicity for the Company for an exciting and innovative product. The second was a programme to Corfu which was the first Greek destination for the Company. This programme also sold very strongly and will be expanded in 1988.

*[Faint handwritten signature]*

CHAIRMAN'S  
STATEMENT  
CONTINUED

The Company intends to maintain its policy of expansion into its niche areas and is planning to enlarge its long haul holiday programme in 1988 to include Jamaica and the Dominican Republic as well as increasing the number of flights into Barbados. The long haul programme is again proving very popular and is selling strongly. It is also planned to capitalise on the success in Corfu by offering holidays to seven destinations in Greece for summer 1988. The programme for summer 1988 has been structured to give maximum resilience to the possibility of over-capacity in the market.

By way of further expansion, a programme is being operated out of Stansted Airport for summer 1988 to Spain and its islands, Portugal, Tunisia, Malta, Jamaica and the Dominican Republic. The brochures have been well accepted and sales are running at a very satisfactory level. There is large demand for package holidays out of the South East of England. This is the first time that we have offered a programme out of this major area and we believe that our products will sell well in the market and give good growth potential.

During the year a viewdata system was introduced which allows travel agents direct access into our computerised reservations system to make enquiries and bookings. The system has been readily adopted by travel agents and the volume of bookings through viewdata is increasing rapidly. This will enable the Company to continue to expand without the need for additional reservations staff.

The brochures for summer 1988 were launched in October after a review of the prices of the major tour operators' products and bookings to date are higher than at the same time last year. The management are approaching the current financial year with great determination and optimism.

I would like to thank all staff—both in the U.K. and overseas—for their exceptional efforts in what has been a most difficult year and I would also like to record my appreciation for the help of our professional advisers, overseas agents and suppliers.

*[Handwritten signature]*

Chairman.

29th December, 1987

## DIRECTORS' REPORT

The Directors present their report together with the financial statements for the year ended 30th September, 1987.

### 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 a number of significant events took place including the disposal of the retail business and its associated activities. A review of the activities during the period and of the development of the Company's business, together with an indication of future prospects, is included in the Chairman's Statement and elsewhere in this Report.

Following a placing of the Company's shares on 24th March, 1987 the Company obtained an official listing on The Stock Exchange on 27th March, 1987.

### 2. Results and dividend

The profit for the year after taxation and extraordinary items amounted to £2,590,000. The Directors recommend a final dividend of 2.7p net per Ordinary Share amounting to £425,250, of which £297,675, being the dividend attributable to Messrs Crossland and Trickett is being waived, leaving a retained profit of £2,463,000.

### 3. Directors

The Directors in office at the end of the year are listed below. Apart from Messrs M. D. Bishop, CBE and E. F. Sanderson, who were appointed to the Board on 12th March, 1987, all served on the Board throughout the year.

Messrs L. T. James, T. Lovelock and D. Collins resigned from the Board on 12th March, 1987. Mr H. H. Collinson and Mr T. Trickett retire by rotation and being eligible offer themselves for re-election. The unexpired periods of their service contracts were 29 months as at 30th September, 1987.

The beneficial interests of the Directors in the Ordinary Shares of the Company and its subsidiaries at 1st October, 1986 (or the date of their appointment to the Board if later) and at 30th September, 1987 as recorded in the register maintained by the Company in accordance with the provisions of the Companies Act 1985, were as follows:

	Percentage of Shares held	Ordinary Shares		Options over Ordinary Shares	
		1987	1986	1987	1986
D. Crossland	51	8,032,500	9,900,000	—	—
T. Trickett	19	2,992,500	5,100,000	—	—
H. H. Collinson	—	14,000	—	450,000	—
M. D. Bishop CBE	—	10,000	—	—	—
E. F. Sanderson	—	1,000	—	—	—

The 1986 comparatives have been restated to take into account the following which took place on 20th March, 1987.

- (i) The authorised Ordinary Share capital of 1,000,000 Shares of £1 each at 30th September, 1986 was subdivided into 10,000,000 Ordinary Shares of 10p each;



- (ii) The authorised Share capital of the Company was increased to £2,000,000 by the creation of 10,000,000 new Ordinary Shares of 10p each; and
- (iii) 10,000,000 Ordinary Shares of 10p each were allotted credited as fully paid to existing Shareholders by way of capitalisation of Share premium account and reserves.

DIRECTORS'  
REPORT  
CONTINUED

In the period between 30th September, 1987 and 30th November, 1987 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 British Midland Holdings Limited, parent company of British Midland Airways, Manx Airlines, Loganair and Eurocity Express. Mr Sanderson is a Director of The British Linen Bank Limited and is head of its corporate finance department.

#### 4. Fixed assets

Changes in fixed assets are shown in note 9 to the financial statements.

#### 5. 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 1970.

#### 6. Substantial Shareholders

The Company has not been notified of any shareholding representing 5% or more of the issued Share capital of the Company other than in respect of the Directors noted above.

#### 7. Auditors

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

#### 8. Extraordinary general meeting

An extraordinary general meeting is to be held on the 28th January, 1988. Special resolutions are to be proposed increasing the Company's authorised Share capital and dealing with the Directors' power to allot Shares.

A further ordinary resolution is to be proposed authorising the Directors to issue the warrants as detailed in the Chairman's statement.

Registered office  
Wavell House,  
Holcombe Road,  
Helmshore,  
Rossendale,  
Lancashire BB4 4NB.  
29th December, 1987

BY ORDER OF THE BOARD

*T. S. Dethlefs*  
Secretary

## 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.

### (a) *Basis of consolidation*

The Group financial statements consolidate the financial statements of the Company and of its subsidiaries (see Note 10). 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.

### (b) *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 VAT and trade discounts. Revenue and expenses relating to package holidays are taken to profit and loss account on flight departure.

### (c) *Depreciation*

Depreciation on leasehold properties 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:—

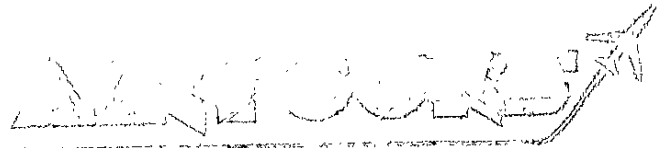
	Period of lease
Short leasehold properties	4 years
Computer equipment	10%
Fixtures, fittings and equipment	25%
Motor vehicles	

### (d) *Deferred taxation*

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

Deferred taxation 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 taxation not provided is disclosed as a contingent liability.

Deferred taxation 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.

STATEMENT OF  
ACCOUNTING  
POLICIES  
CONTINUED

(e) *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.

(f) *Brochure and promotional costs*

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

(g) *Leased assets*

Where assets are financed by leasing agreements which give risks and rewards approximating 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.

# **GROUP PROFIT AND LOSS ACCOUNT**

		Year ended 30th September,		
		1987	1986	
	Notes	£000	£000	£000
<b>Turnover</b>	(1)	68,313	66,175	
Cost of sales		63,815	60,389	
		4,498	5,786	
Gross profit		1,648	2,645	
Selling costs		679	987	
Administrative expenses		542	632	
Other charges				
		2,869	4,264	
Operating profit		1,629	1,522	
Interest receivable and sundry income	(2)	402	504	
<b>Profit on ordinary activities before taxation</b>	(1)	2,031	2,026	
Tax on profit on ordinary activities	(4)	716	747	
<b>Profit on ordinary activities after taxation</b>		1,315	1,279	
Extraordinary item	(5)	1,275	—	
Profit for the financial year	(6)	2,590	1,279	
Dividends	(7)	127	315	
<b>Profit retained</b>		2,463	964	
<b>Earnings per share</b>	(8)	8.55p	8.53p	

The accounting policies and notes on pages 8 and 9, and 14 to 20 form part of these financial statements.

# GROUP BALANCE SHEET

		at 30th September,	
		1987	1986
Notes	£000	£000	£000
<b>Fixed assets</b>			
Tangible assets	(9)	1,834	1,695
<b>Current assets</b>			
Debtors	(11)	9,254	6,074
Investments	(12)	3,072	4,998
Cash at bank and in hand		1,933	2,442
		<u>14,259</u>	<u>13,514</u>
<b>Creditors: amounts falling due within one year</b>	(13)	<u>9,901</u>	<u>11,972</u>
<b>Net current assets</b>		<u>4,358</u>	<u>1,542</u>
<b>Total assets less current liabilities</b>		<u>6,242</u>	<u>3,237</u>
<b>Creditors: amounts falling due after more than one year</b>	(14)	391	671
<b>Provisions for liabilities</b>	(15)	<u>50</u>	<u>167</u>
		<u>451</u>	<u>838</u>
<b>Net assets</b>		<u><u>5,791</u></u>	<u><u>2,399</u></u>
<b>Capital and reserves</b>			
Called up share capital	(17)	1,575	500
Share premium account	(18)	361	11
Revaluation reserve	(18)	—	7
Profit and loss account	(18)	<u>3,355</u>	<u>1,881</u>
		<u><u>5,791</u></u>	<u><u>2,399</u></u>

The financial statements were approved by the Board of Directors on 29th December, 1987.

*[Signature]* Directors

*[Signature]*

The accounting policies and notes on pages 8 and 9, and 14 to 20 form part of these financial statements.

## COMPANY BALANCE SHEET

		at 30th September,	
	Notes	1987 £000	1986 £000
<b>Fixed assets</b>			
Tangible assets	(9)	1,884	1,695
Investments	(10)	27	27
		<u>1,911</u>	<u>1,722</u>
<b>Current assets</b>			
Debtors	(11)	9,254	6,074
Investments	(12)	3,072	4,998
Cash at bank and in hand		1,933	2,442
		<u>14,259</u>	<u>13,514</u>
<b>Creditors: amounts falling due within one year</b>	(13)	<u>9,901</u>	<u>11,972</u>
<b>Net current assets</b>		<u>4,358</u>	<u>1,542</u>
<b>Total assets less current liabilities</b>		<u>6,269</u>	<u>3,264</u>
<b>Creditors: amounts falling due after more than one year</b>	(14)	444	724
<b>Provisions for liabilities</b>	(15)	<u>60</u>	<u>167</u>
		<u>504</u>	<u>891</u>
<b>Net assets</b>		<u><u>5,765</u></u>	<u><u>2,373</u></u>
<b>Capital and reserves</b>			
Called up share capital	(17)	1,575	500
Share premium account	(18)	861	11
Revaluation reserve	(18)	—	7
Profit and loss account	(18)	3,329	1,855
		<u>5,765</u>	<u>2,373</u>

The financial statements were approved by the Board of Directors on 29th December, 1987.

29th December, 1967.

Howard } Directors  
Ken Carter

The accounting policies and notes on pages 8 and 9, and 14 to 20 form part of these financial statements.

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**GROUP STATEMENT  
OF SOURCE AND  
APPLICATION OF  
FUNDS**

	<u>Year ended 30th September,</u>	
	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>
<b>Source of funds</b>		
From operations		
Profit on ordinary activities before taxation	2,031	2,026
Extraordinary item before attributable taxation	1,779	—
	<u>3,810</u>	<u>2,026</u>
Adjustments for items not involving the movement of funds		
Depreciation and amounts written off fixed assets	264	304
Profit on sale of fixed assets	(2,188)	(2)
	<u>(1,924)</u>	<u>302</u>
	1,886	2,328
From other sources		
Issue of share capital (net of expenses)	936	—
Tax refund	—	8
Proceeds of disposals of tangible fixed assets	2,863	70
Lease finance	—	621
	<u>3,799</u>	<u>699</u>
	5,685	3,027
<b>Application of funds</b>		
Dividends paid	—	315
Tax paid	937	534
Purchase of tangible fixed assets	589	1,570
Lease and hire purchase payments	81	153
	<u>1,607</u>	<u>2,572</u>
	4,078	455
<b>Net inflow of funds</b>		
	<u>4,078</u>	<u>455</u>
<b>Increases/(decreases) in working capital</b>		
Debtors	3,726	3,538
Creditors: amounts falling due within one year	2,787	(2,892)
Creditors: amounts falling due after more than one year	—	75
	<u>6,513</u>	<u>721</u>
Net liquid funds		
Cash at bank and in hand	(509)	43
Short-term deposits	(1,926)	(309)
	<u>(2,435)</u>	<u>(266)</u>
<b>Net increase in working capital</b>	<u>4,078</u>	<u>455</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Turnover and profit on ordinary activities before taxation

	Turnover	
	1987 £000	1986 £000
Tour operator	68,313	54,978
Travel agency	—	14,278
	<u>68,313</u>	<u>69,256</u>
Deduct: internal trading	—	3,081
	<u>68,313</u>	<u>66,175</u>

	Profit before taxation	
	1987 £000	1986 £000
Tour operator	2,031	2,485
Travel agency	—	(459)
	<u>2,031</u>	<u>2,026</u>

The whole of the turnover arose within the United Kingdom.

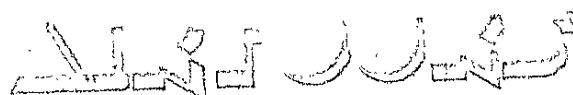
### Profit on ordinary activities is stated after charging:

	1987 £000	1986 £000
Finance lease and hire purchase interest	46	15
Hire and leasing of equipment and vehicles	26	77
Auditors' remuneration	21	21
Depreciation	264	304
Directors' emoluments (Note 3)	275	207
	<u>632</u>	<u>624</u>

## 2. Interest receivable and sundry income

	1987 £000	1986 £000
Bank interest receivable	356	493
Sundry income	46	11
	<u>402</u>	<u>504</u>





**NOTES TO THE  
FINANCIAL  
STATEMENTS  
CONTINUED**

**3. Directors and employees**

Staff costs during the year:  
Wages and salaries  
Social security

1987 £000	1986 £000
2,246	2,088
201	184
<u>2,447</u>	<u>2,272</u>

The average number of employees of the Group during the year was:

Tour operator  
Travel agency

1987	1986
212	152
—	131
<u>212</u>	<u>283</u>

Remuneration in respect of Directors was payable as follows:

Directors' management remuneration

1987 £000	1986 £000
275	207

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

The Chairman

The highest paid Director

Other Directors

1987 £000	1986 £000
59	45
<u>88</u>	<u>45</u>
1987 Number	1986 Number
1	—
1	—
1	1
2	—
—	2
—	1
1	—

**Higher paid employees**

The employees of the Company receiving more than £30,000 during the year, excluding pension contributions, were in the following bands:—

£30,001—£35,000  
£35,001—£40,000

1987 Number	1986 Number
1	—
1	—

**4. Tax on profit on ordinary activities**

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

Corporation tax at 35% (1986—37.5%)  
Deferred tax

1987 £000	1986 £000
680	712
28	30
<u>708</u>	<u>742</u>

Adjustments in respect of prior years:

Corporation tax  
Deferred tax

1987	1986
—	(8)
8	13
<u>716</u>	<u>747</u>

**Income and Corporation Taxes Act 1970**

The Company is a close company as defined by Section 282 of the Income and Corporation Taxes Act 1970.

NOTES TO THE  
FINANCIAL  
STATEMENTS  
CONTINUED

**5. Extraordinary item**

The extraordinary item less attributable taxation credited in the Group profit and loss account is:—

	1987 £000	1986 £000
Surplus on disposal of retail and associated activities	1,779	—
Taxation:	(600)	—
Corporation tax at 35%	96	—
Deferred tax	—	—
	<u>1,275</u>	<u>—</u>

**6. Profit for the financial year**

The parent company has taken advantage of Section 228(7) of the Companies Act 1985 and not submitted its own profit and loss account.

The whole of the Group profit arises in the financial statements of the parent company. No subsidiary has traded in either of the two years ended 30th September, 1987.

**7. Dividends**

	1987 £000	1986 £000
Ordinary shares:		
Proposed 2.7p per 10p share, payable 26th February, 1988	425	315
(1986—paid in year: 63p per £1 share)	298	—
Less: amounts waived	<u>127</u>	<u>315</u>

**8. Earnings per share**

The calculation of earnings per share is based on the profit on ordinary activities for the year after taxation of £1,315,000 (1986—£1,279,000) and on 15,375,000 Ordinary Shares of 10p each, being the weighted average number of shares in issue during the year ended 30th September, 1987 (1986—15,000,000 Ordinary Shares).

*Handwritten signature/initials*

NOTES TO THE  
FINANCIAL  
STATEMENTS  
CONTINUED

9. Tangible fixed assets

	Total £000	Short leasehold properties £000	Fixtures, fittings and computer equipment £000	Motor vehicles £000
<b>The Group and the Company:</b>				
<b>Cost</b>				
At 1st October, 1986	1,984	23	1,651	310
Additions	589	33	414	142
	<u>2,573</u>	<u>56</u>	<u>2,065</u>	<u>452</u>
Disposals	244	—	50	194
At 30th September, 1987	<u>2,329</u>	<u>56</u>	<u>2,015</u>	<u>258</u>
<b>Depreciation</b>				
At 1st October, 1986	289	4	198	87
Provided in year	224	5	170	49
	<u>513</u>	<u>9</u>	<u>368</u>	<u>136</u>
Attributable to disposals	68	—	—	68
At 30th September, 1987	<u>445</u>	<u>9</u>	<u>368</u>	<u>68</u>
<b>Net book amount at 30th September, 1987</b>	<u>1,884</u>	<u>47</u>	<u>1,647</u>	<u>190</u>
<b>Net book amount at 30th September, 1986</b>	<u>1,695</u>	<u>19</u>	<u>1,453</u>	<u>223</u>

The net book value of fixed assets of £1,884,000 includes an amount of £743,000 in respect of assets held under finance leases on which depreciation of £90,000 has been provided in the year. Included in additions to fixtures, fittings and computer equipment is an amount of £136,000 being in-house computer development costs relating to the significant expansion of the Company's computer software.

10. Fixed asset investments

The Company:

Shares in  
subsidiary  
companies  
£000

Cost and net book amount  
At 1st October, 1986 and 30th September, 1987 27

At 30th September, 1987 the Company held more than 10% of the allotted share capital of the following companies, all of which are incorporated in Great Britain.

Subsidiaries	Class of share capital held	Proportion held	Nature of business
Airtours Holidays Limited	Ordinary	100%	Dormant
(formerly Pendle Travel Services 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

NOTES TO THE  
FINANCIAL  
STATEMENTS  
CONTINUED

11. Debtors

	The Group and the Company	
	1987 £000	1986 £000
Amounts falling due within one year:	7,317	3,692
Trade debtors	397	243
Other debtors	1,540	1,583
Prepayments	—	556
Assets held for resale	9,254	6,074

Included in other debtors is an amount of £10,000 in respect of an interest free loan due from an officer of the Company.

12. Current asset investments

	The Group and the Company	
	1987 £000	1986 £000
Money market deposits	3,072	4,998

13. Creditors: amounts falling due within one year

	The Group and the Company	
	1987 £000	1986 £000
Trade creditors	3,846	9,008
Current taxation	1,905	1,515
Social security and other taxes	59	76
Other creditors	515	1,001
Proposed dividends	127	—
Accruals	120	242
Amounts due under finance leases and hire purchase agreements (net of finance charges allocated to future periods)	329	130
	9,901	11,972

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

	The Group		The Company	
	1987 £000	1986 £000	1987 £000	1986 £000
Amounts owed to Group companies	—	—	53	53
Amounts due under finance leases and hire purchase agreements (net of finance charges allocated to future periods)	391	671	391	671
	391	671	444	724

Amounts due under finance leases and hire purchase agreements are all repayable within five years.

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**NOTES TO THE  
FINANCIAL  
STATEMENTS  
CONTINUED**

**15. Provisions for liabilities**

	Deferred taxation (Note 16) £000
<b>The Group and the Company</b>	167
At 1st October, 1986	(60)
Released during the year	(47)
Advance corporation tax on proposed dividend	<u>60</u>
At 30th September, 1987	<u>60</u>

**16. Deferred taxation**

Deferred taxation provided in the financial statements and the total potential liability, including the amount provided, are set out below—

	Amount provided		Potential liability	
	1987 £000	1986 £000	1987 £000	1986 £000
<b>The Group and the Company</b>	107	167	107	167
Accelerated capital allowances	—	—	—	6
Unrealised capital gains	(47)	—	(47)	—
Less: Advance corporation tax	<u>60</u>	<u>167</u>	<u>60</u>	<u>173</u>

**17. Called up share capital**

	1987 £000	1986 £000
<b>Authorised</b>		
20,000,000 Ordinary Shares of 10p each (1986—1,000,000 Ordinary Shares of £1 each)	<u>2,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
15,750,000 Ordinary Shares of 10p each (1986—500,000 Ordinary Shares of £1 each)	<u>1,575</u>	<u>500</u>

**Allotments during the year:**

In connection with the Company being admitted to the official list of The Stock Exchange on 27th March, 1987, the following took place on 20th March, 1987:—

- each of the 1,000,000 Ordinary Shares of £1 each in the capital of the Company was subdivided into 10 Ordinary Shares of 10p each;
- the authorised share capital of the Company was increased to £2,000,000 by the creation of 10,000,000 new Ordinary Shares of 10p each; and
- 10,000,000 Ordinary Shares of 10p each were allotted credited as fully paid to existing Shareholders by way of capitalisation of share premium account and reserves.

In addition on 24th March, 1987, 750,000 Ordinary Shares of 10p each were allotted for cash at 180p per share.

The difference between the total subscribed consideration (£1,350,000) and the total nominal value has been credited to share premium account net of attributable expenses.

**Contingent rights to the allotment of shares:**

The Company has granted options to certain Directors and employees in respect of 690,000 Ordinary Shares at 25p per share, exercisable between 1st March, 1990 and 28th February, 1997.

NOTES TO THE  
FINANCIAL  
STATEMENTS  
CONTINUED

18. Share premium account and reserves

	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
<b>The Group</b>			
At 1st October, 1986	11	7	1,881
Retained profit for the year	—	—	2,463
Share issue (capitalisation)	(11)	—	(989)
Premium on allotment during the year	1,275	—	—
Expenses of allotment during the year	(414)	—	—
Transfer from revaluation reserve on asset disposal	—	(7)	—
At 30th September, 1987	<u>861</u>	<u>—</u>	<u>3,355</u>
<b>The Company</b>			
At 1st October, 1986	11	7	1,855
Retained profit for the year	—	—	2,463
Share issue (capitalisation)	(11)	—	(989)
Premium on allotment during the year	1,275	—	—
Expenses of allotment during the year	(414)	—	—
Transfer from revaluation reserve on asset disposal	—	(7)	—
At 30th September, 1987	<u>861</u>	<u>—</u>	<u>3,329</u>

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

19. Capital commitments

Group and Company

Authorised by the Board at 30th September, 1987 but not contracted for £100,000.

Other than the above neither the Group nor the Company had any capital commitments at 30th September, 1987 or 30th September, 1986.

20. Contingent liabilities

There were no contingent liabilities at 30th September, 1987 or 30th September, 1986 except in respect of deferred taxation (see Note 16).

21. Corresponding amounts

At 30th September, 1987 the Company has included in cost of sales brochure production costs, advertising and bonding insurance. In previous years these items had been included in selling costs and administrative expenses. The 1986 corresponding amounts have been restated by increasing cost of sales by £2,979,000 reducing selling costs by £2,839,000 and reducing administrative expenses by £140,000.

AUDITORS' REPORT

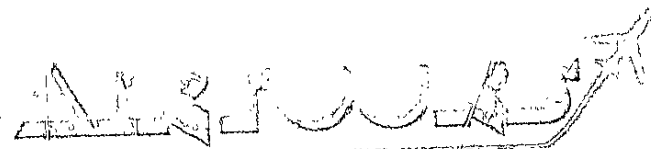
TO THE MEMBERS OF AIRTOURS PLC

We have audited the financial statements on pages 8 to 20 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the Group and the Company at 30th September, 1987, and of the profit and source and application of funds of the Group for the year then ended, and comply with the Companies Act 1985.

29th December, 1987  
MANCHESTER

Grant Thornton



# **FIVE YEAR SUMMARY**

	1987	1986	1985	1984	1983
	£000	£000	£000	£000	£000
<b>Turnover</b>					
Continuing activities	68,313	54,978	28,929	17,429	9,952
Discontinued activities	—	11,197	7,410	6,807	5,751
	<b>68,313</b>	<b>66,175</b>	<b>36,339</b>	<b>24,236</b>	<b>15,703</b>
<b>Profit/(Loss) on ordinary activities before tax</b>					
Continuing activities	2,031	2,485	2,126	676	471
Discontinued activities	—	(459)	(341)	(4)	66
	<b>2,031</b>	<b>2,026</b>	<b>1,785</b>	<b>672</b>	<b>537</b>
<b>Tax</b>	<b>716</b>	<b>747</b>	<b>846</b>	<b>320</b>	<b>271</b>
<b>Profit on ordinary activities after tax</b>	<b>1,315</b>	<b>1,279</b>	<b>939</b>	<b>352</b>	<b>266</b>
Extraordinary item	1,275	—	—	—	—
	<b>2,590</b>	<b>1,279</b>	<b>939</b>	<b>352</b>	<b>266</b>
Profit for the financial year	127	315	158	—	—
Dividends					
<b>Profit retained</b>	<b>2,463</b>	<b>964</b>	<b>781</b>	<b>352</b>	<b>266</b>
<b>Net assets</b>	<b>5,791</b>	<b>2,399</b>	<b>1,435</b>	<b>654</b>	<b>301</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Earnings per share	8.55	8.53	6.26	2.35	1.77
Net assets per share	36.77	16.00	9.57	4.36	2.01

## NOTICE OF MEETING

Notice is hereby given that the 1988 Annual General Meeting of the Company will be held at the registered office, Wavell House, Holcombe Road, Helmshore, Rossendale, Lancashire BB4 4NB on Thursday, 28th January, 1988 at 11.00 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, 1987.
2. To declare a final dividend.
3. To re-elect as Directors of the Company Mr H. H. Collinson and Mr T. Trickett who retire as Directors 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.

*By Order of the Board*

*T. S. Dicks*  
Secretary

29th December, 1987

### 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 9th February, 1988. Subject to the approval of the Annual General Meeting, dividend warrants will be posted on 25th February, 1988.
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 29th December 1987 until the conclusion of the Annual General Meeting.

## FINANCIAL DIARY

15th July, 1987	Interim results announced.
27th November, 1987	Final results announced.
29th December, 1987	Report and Accounts issued.
28th January, 1988	Annual General Meeting.
26th February, 1988	Final dividend paid.





**AIRTOURS plc**  
ANNUAL GENERAL MEETING 28th JANUARY, 1988

**Form of Proxy**

I/We \_\_\_\_\_  
(block letters please)

of \_\_\_\_\_  
being a Member(s) of AIRTOURS plc, hereby appoint the Chairman of the meeting, or  
(see note 1) \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held on 28th January, 1988, on the following Resolutions to be submitted to the meeting and at any adjournment thereof.

Please indicate with an 'X' in the appropriate spaces how you wish your votes to be cast. Unless otherwise instructed, the proxy will vote as he thinks fit or abstain.

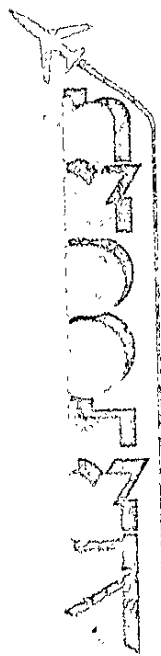
Ordinary Resolutions	For	Against
1. To receive and adopt the Directors' Report, the Financial Statements and the Auditors' Report for the year ended 30th September, 1987.		
2. To declare a final dividend.		
3. To re-elect Mr H. H. Collinson as a Director.		
4. To re-elect Mr T. Trickett as a Director.		
5. To re-appoint the auditors.		
6. To authorise the Directors to fix the remuneration of the auditors.		

Signature \_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 198

**Notes**

1. You may, if you wish, in the space provided insert the name(s) of the person(s) of your choice to attend and vote at the meeting on your behalf. A proxy need not be a member of the Company.
2. In the case of a corporation, this proxy must be executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. In order to have effect, this proxy, and the power of attorney or other authority (if any) under which it is signed, or a notionally certified copy of such power or authority, must be lodged at the transfer office of the Company at least 48 hours before the time of the meeting.
4. In the case of a joint holding, a proxy need only be signed by one joint holder, but the names of all the joint holders must be stated. If more than one such joint holder lodges a proxy only that of the holder named first on the Register will be counted.
5. The completion and return of this form of proxy will not prevent you from attending the meeting and voting in person.



**AIRTOURS plc**

**Attendance Card**

Annual General Meeting  
28th January, 1988

If you are attending the Annual General Meeting at  
Weyell House, Holcombe Road, Helnashore com-  
mencing at 11.00 am on 28th January, 1988, would you  
be good enough to complete this attendance card and  
hand it in on arrival.

Full name  
(block letters please)

Capacity Attending  
(Please tick appropriate box)

For own shareholding	
As proxy	
As a representative of.....	
Other* (press etc)	

\*Details

Please detach attendance card before mailing  
proxy card.

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Licence No. BX601



THE REGISTRAR FOR AIRTOURS plc  
BANK OF SCOTLAND  
REGISTRAR DEPARTMENT  
26A YORK PLACE  
EDINBURGH  
EH13EY

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Third fold and tuck in

