

## **NOTICE OF ILLEGIBLE DOCUMENT ON THE MICROFICHE RECORD**

**Companies House regrets that the microfiche record for this company, contain some documents, which are illegible.**

**The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.**

**Companies House would like to apologise for any inconvenience this may cause**





74-748

**Airtours**  
plc

annual report

& accounts

COMPANIES HOUSE  
15 MAR 1991

1991

AIRTOURS PLC

Company Registration Number : 742748

List of Subsidiary Companies

Airtours Holidays Ltd

Eurosites Ltd

Ski America Ltd

Ski Canada Ltd

Airtours International Airways Ltd

Airtours Aviation Ltd

Airtours Publicity Ltd

Airtours Seat Broking Ltd

Airtours Vacations Ltd

Carousel Holidays Ltd

Skitours Ltd

Sunsales Ltd

Skyseats Ltd

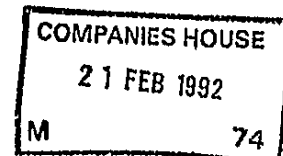
Eurosites Holding BV

Eurosites BV

Eurosites GMBH

Airtours International Aviation (Guernsey) Ltd

White Horse Insurance Ltd



13.3.92  
254

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Planning Meeting of Airtours Holidays.

Standing: David Collins (Director of  
Information Technology)

Tad Detko (Group Secretary)

Seated (Left to Right):

Sally Burd (Personnel Manager)

Barry Nightingale (Group Treasurer)

Paul Evans (General Manager – Overseas)

Mike Lee (Chief Executive—

Airtours International)

and Doug Smith (General Sales Manager).



## results in brief

	1991 £000	1990 £000	% Increase
Turnover	289,538	183,001	58.2
Profit before tax	27,514	6,307	336.2
Dividends	4,987	1,327	275.8
Net assets	41,824	13,002	221.7
Earnings per share	98.71p	26.76p	268.9
Dividends per share	23.00p	8.12p	183.2
Assets per share	194.16p	80.81p	140.3

The figures for earnings and dividends per share in 1990 have been restated to take account of the Placing and Offer to existing shareholders in 1991.

## highlights

**Record Profits**

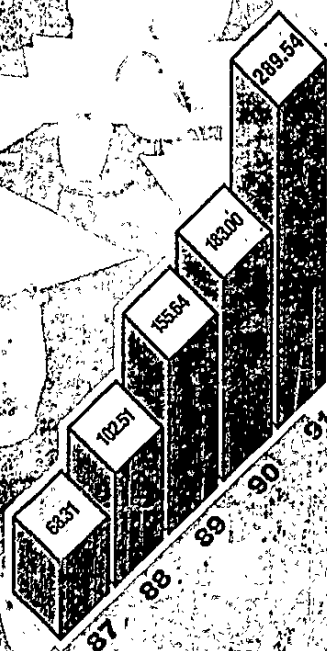
**Over 1 million passengers**

**Market share increased from 7.5% to 13%**

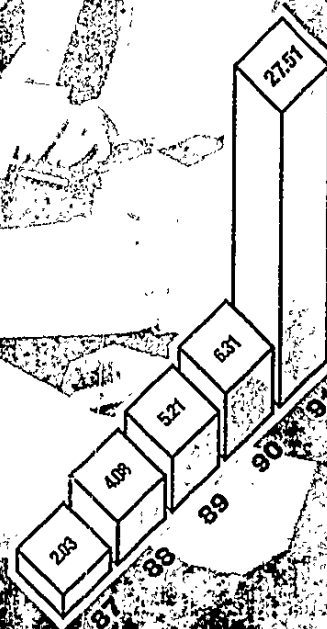
**100% growth in EuroSites**

**Successful launch of airline**

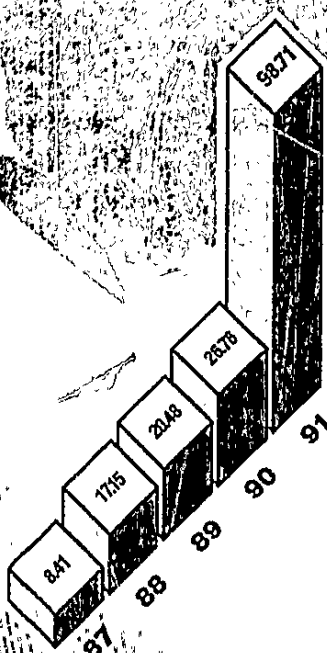
**Cash balances exceed £100 million**



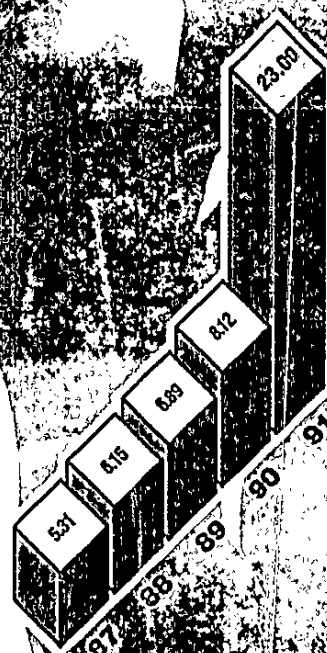
Turnover (£million)



Profit before tax (£million)

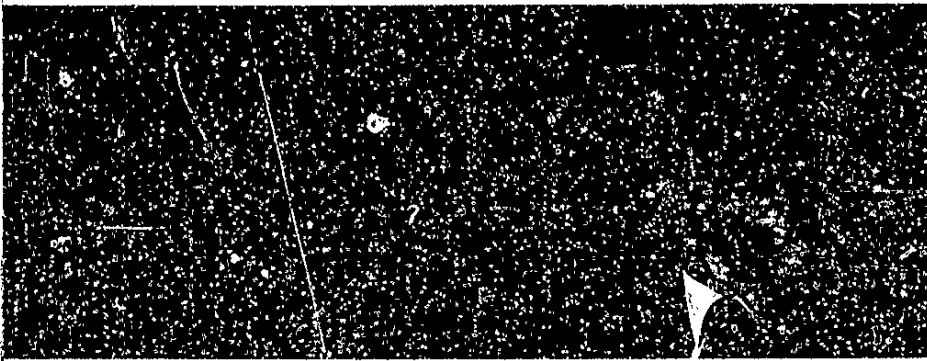


Earnings per share (p)



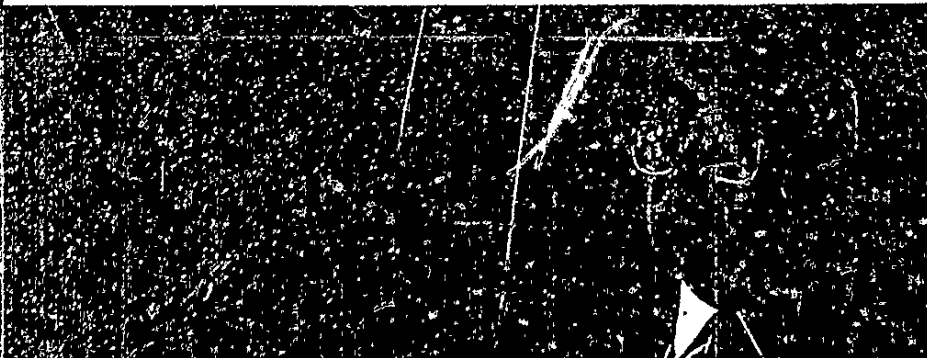
Dividend per share (p)

## the board of directors



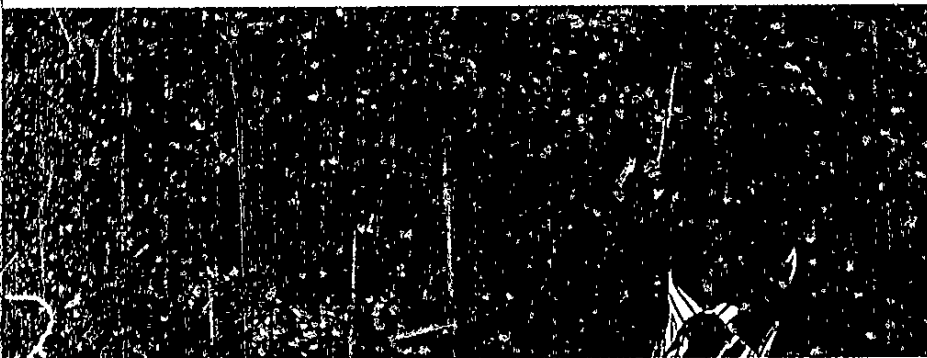
### **David Crossland**

Aged 44. Chairman since joining the Company in 1972. Has worked in both retail and wholesale travel and aviation for 28 years.



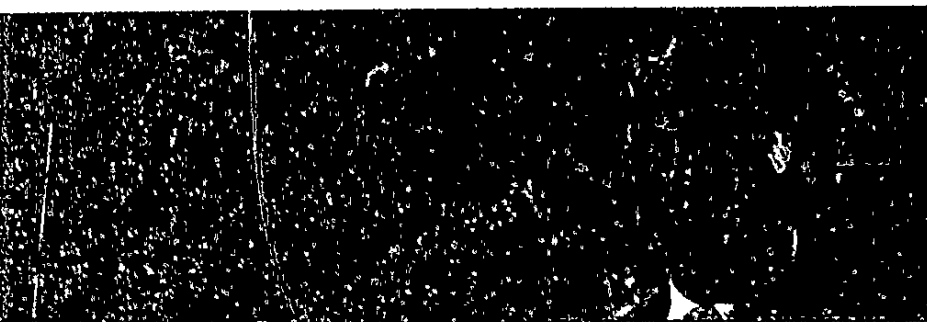
### **Sir Michael Bishop CBE**

Aged 49. Non Executive – appointed 1987. Chairman of Airlines of Britain Holdings plc, parent company of British Midland Airways, Manx Airlines and Loganair. Deputy Chairman of Channel Four Television Company Limited.



### **Harry Coe FCA, ATII**

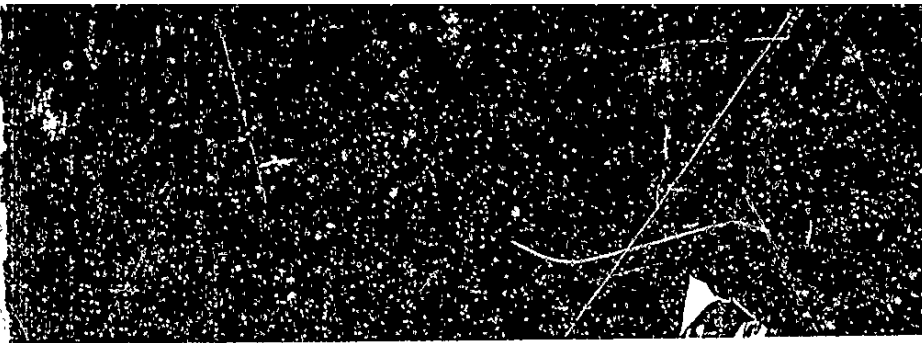
Aged 47. Finance Director – appointed 1988. Previous experience in electronics, printing, financial services and commercial television.



### **Hugh Collinson FCA**

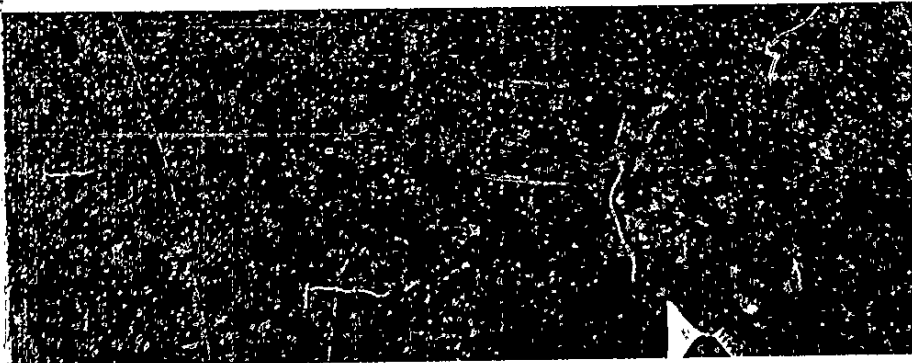
Aged 47. Managing Director – appointed 1985. After leaving professional practice, held appointments in engineering industry prior to joining Company initially as Finance Director. Appointed to present position 1986.





**George Marcall**

Aged 41. Sales Director – appointed 1991. Joined the Company in 1986 as Marketing Director of Airtours Holidays after an earlier career with a leading high street retailer.



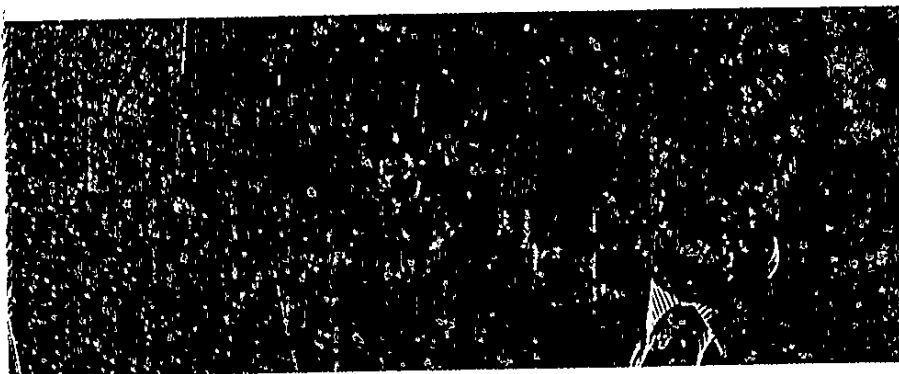
**Eric Sanderson CA, AIB (Scot)**

Aged 40. Non Executive – appointed 1987. Chief Executive of The British Linen Bank Group Limited. Non executive director of United Artists Communications (Scotland) Limited, English and Overseas Properties plc, Melville Street Investments plc and a part-time member of The British Railways Board.



**Tom Trickett**

Aged 60. Central Services Director – appointed 1972. Became a full time executive director in 1977 after previous experience in the engineering industry.



**Ton Waslander**

Aged 43. Managing Director of Airtours Holidays – appointed 1991. Joined the Company in 1986 as Overseas Director of Airtours Holidays. Has 20 years experience in the industry.

## corporate advisers

### Principal Bankers

Barclays Bank plc  
PO Box 357  
51 Mosley Street  
Manchester M60 2AU

The Royal Bank of Scotland plc  
PO Box 320  
St Ann Street  
Manchester M60 2SS

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

N M Rothschild & Sons Limited  
3 York Street  
Manchester M2 2AW

### Financial Advisers

The British Linen Bank Limited  
PO Box 49, 4 Melville Street  
Edinburgh EH3 7NS

### Stockbrokers

Barclays de Zoete Wedd Limited  
Ebbgate House, 2 Swan Lane  
London EC4R 3TS

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

### Registrars and Transfer Office

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

### Auditors

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

### Solicitors

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

## shareholders' information

### Secretary and Registered Office

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

### Financial Diary

Extraordinary General Meeting to approve Placing and Offer 13th May, 1991

First dealings in the new shares 15th May, 1991

Interim results announced 24th June, 1991

Final results announced 2nd December, 1991

Transfer books closed 17th January, 1992

Annual General Meeting to be held 23rd January, 1992

Interim dividend paid 29th July, 1991

Final dividend payable 18th February, 1992

### Tax Information

Dividends	Dividends	Related Tax Credits
Interim	2.00p per share	0.67p per share
Proposed final	21.00p per share	7.00p per share

### Analysis of Ordinary Shareholders as at 30th September, 1991

	Number	%	Holding	%
Individuals	696	74.76	11,767,047	54.62
Insurance Companies	6	0.65	1,683,676	7.82
Pension Funds	49	5.26	3,538,461	16.43
Unit and Investment Trusts	39	4.19	3,334,521	15.48
Banks and Nominee Holdings	127	13.64	1,086,257	5.04
Other Corporate Bodies	14	1.50	131,460	0.61
	931	100.00	21,541,422	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.



**Overview** In the closing paragraphs of my statement last year, I suggested that the future looked brighter than it had done for several years. This indeed proved to be the case with your Company achieving an increase in turnover of 58.2% to a record £289m. This was achieved despite the Gulf War, the deep recession in the UK economy and an overall decline in the number of package holiday bookings in the market as a whole. Profits increased to £27.5m from £6.3m, and adjusted earnings per share rose from 26.76p to 98.71p, an increase of 336% and 269% respectively. Your Board recommends a final dividend of 21p per share on the increased share capital following the Placing and Offer in May 1991 which, with the interim dividend of 2p, makes a total of 23p for those shares held throughout the year. This compares with a dividend of 8.25p per share paid for the previous year.

Shareholders' Funds at the end of the year were £41.8m compared with £13m at the beginning of the year. Included in these figures are cash balances of over £103m compared with last year's £26m.

**A management and  
organisation  
capable of  
continuing the  
expansion of the  
business**

This excellent performance was achieved in a year which also saw the successful start-up of our own airline, Airtours International Aviation, which has operated in accordance with our business plan and produced a substantial contribution to this year's profits.

#### **Proposed Capitalisation Issue**

Following your Company's success in attracting early bookings for Summer 1991, additional opportunities arose after the collapse of the International Leisure Group. ILG was one of the principal companies in the Inclusive Tour market through its airline, Air Europe, and its tour operator, Intasun, which in its last year accounted for approximately 18% of the market. In order to take advantage of this potential for growth it was necessary to increase the capital base of your Company and this was achieved by the Placing and Offer of 4,971,097 new Ordinary Shares in May at a price of 320p per share. This was highly successful with the issue being fully underwritten by The British Linen Bank Limited and the shares trading at an immediate premium against the issue price. The share price has continued to rise and after discussions with its advisers your Board is recommending a bonus issue of shares to existing shareholders, full details of which are included in the circular to shareholders dated 16th December, 1991 which accompanies this Annual Report. Your Directors propose that a sum of up to £6.68m is capitalised from the share premium account and used to pay for the issue of three new Ordinary Shares for every one currently held. The new Ordinary Shares will have the same rights as the existing Ordinary Shares except that they will not rank for the final dividend for 1991.

The proposed capitalisation issue is intended to improve the liquidity of the market in Airtours shares.

### **Management**

In order to manage the substantial growth of your Company, the Board has continued to invest in both management and advanced computer systems.

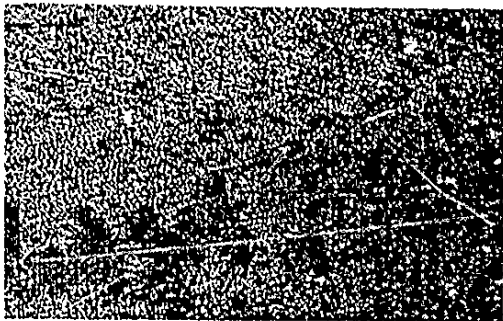
As part of this process earlier this year we appointed to the Board George Marcall and Ton Waslander. George Marcall, formerly Marketing Director of Airtours Holidays, became Group Sales Director and Ton Waslander, formerly Group Overseas Director, becomes Managing Director of Airtours Holidays. We believe that we have the best

management resources in the industry and an organisation which is capable of continuing the expansion of the business into the future.

### **Premises**

The growth of the business during the year necessitated some additional staffing which in turn increased our accommodation requirements.





This was provided by the extension and refurbishment of the Head Office at Helmsshore which is now equipped to deal with the Group's future expansion

#### **Staff**

As always, our staff have responded quite magnificently to the opportunities and challenges presented in the past year. It is their commitment and enthusiasm which, more than anything else, enables us consistently to achieve superior performance within our sector. On behalf of the Board, I would like to express a sincere appreciation of their efforts.

#### **Current Trading**

The new financial year has started

positively with results for the first two months showing an improvement over the previous year. Demand across the industry is producing increased bookings for both Winter 1991/92 and for Summer 1992. Against this improving background it is satisfying to be able to report a further improvement in your Company's share of the market with our total bookings being substantially ahead of the previous year and with improved load factors against our increased capacity. Eurosites is growing strongly and should improve further upon the satisfactory market share and profits achieved in 1991. The airline will take delivery of three new aircraft in Spring 1992 which will enable it to build upon the profitable base established in 1991.

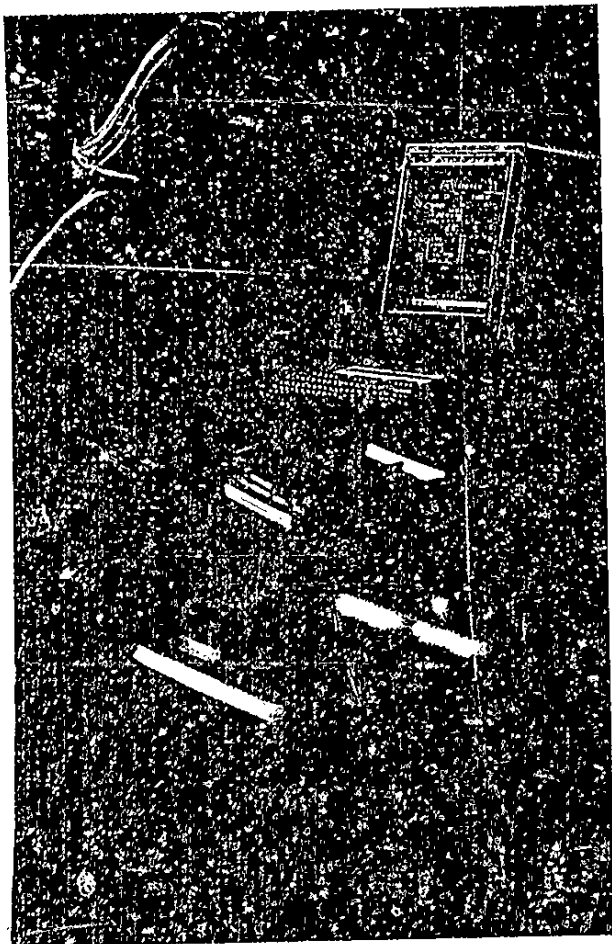
Like the existing fleet, these new aircraft will be acquired on operating leases.

In summary, the Inclusive Tour industry is enjoying substantially improved trading conditions which are expected to continue throughout the next financial year. Your Company has demonstrated its ability to out-perform the market in difficult times and expects to continue to do so in today's more favourable climate.

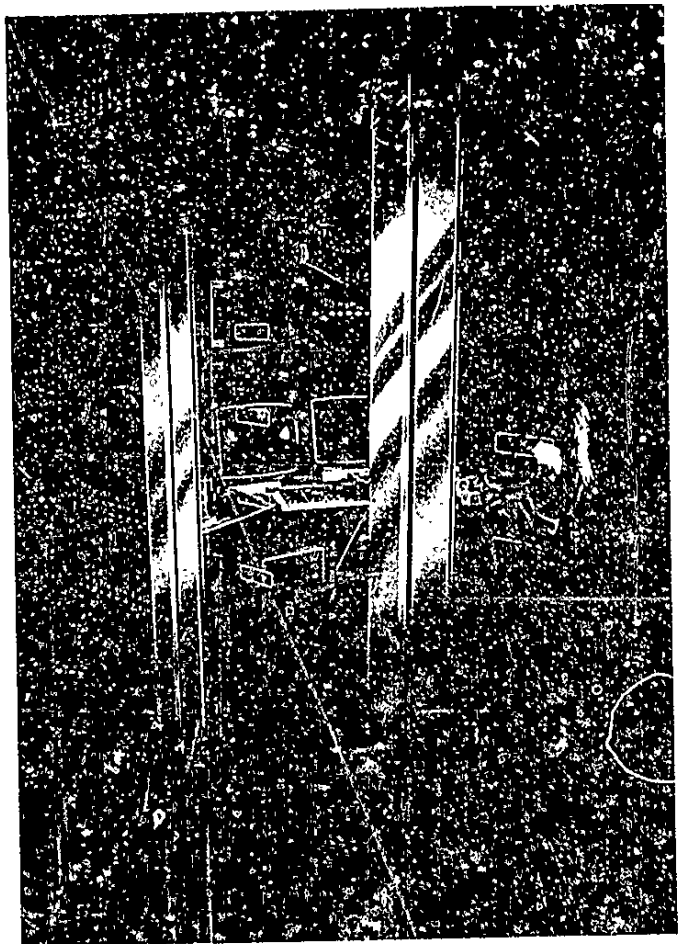
D Crossland Chairman  
16th December, 1991

BIEN ASSISE . L'ABRI DES PINS . NAUTIC ALMATA . LA FAVAL





Although over 90% of bookings  
are taken electronically  
Airtours maintains a help line service  
for passengers and travel agents.



Inside one of the two communication  
centres at Helmsshore supporting over 1,000  
telephone lines, through which travel agents  
gain electronic access to  
Airtours computerised reservations systems.

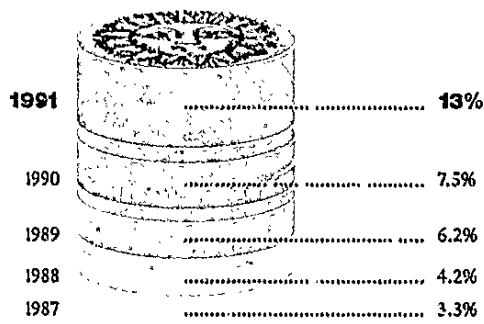
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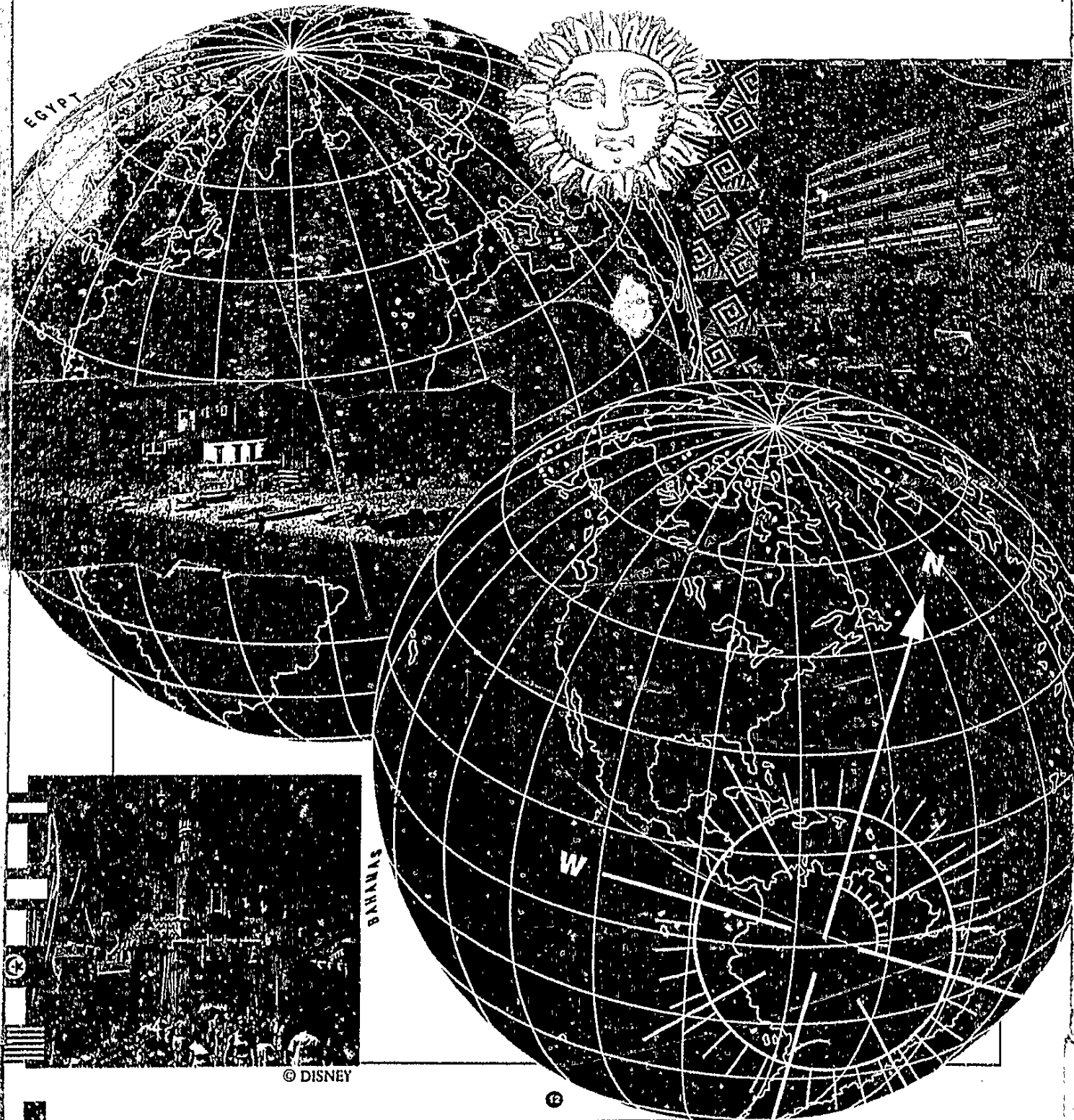
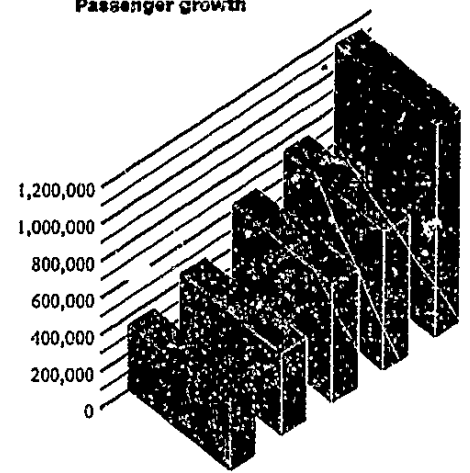
LE VAL DE LOIRE - EUROCLAC

PEN AR STEIR

Market share of the AIT market



Passenger growth







**Air Inclusive Tours** ■ The principal factor affecting the Inclusive Tour markets in 1990/91 was the crisis in the Middle East. This had the effect of depressing the industry's early bookings for Summer 1991 although during this period Airtours achieved a substantial increase in both total bookings and market share. On the cessation of hostilities Airtours' share of Winter bookings had increased to 8.0% compared with 6.1% at the same time in the previous year and to 10.5% compared with 6.3% for the Summer Inclusive Tour market.

The end of the Gulf War signalled a marked upturn in the industry's bookings. Within weeks the International Leisure Group, the second largest operator in the Inclusive Tour market, collapsed. Airtours took full advantage of the opportunities offered by these events and finished the summer with a market share of 13% compared with 7.5% in the previous year. Total passengers carried in the year represented an increase of 48% over the previous year, compared with a reduction of 4% in the total market during the same period.

Consumer demand and the amount of capacity available to the market remained in balance and resulted in a further improvement in profitability across the industry. This was particularly evident in the late booking market where high season demand once again exceeded supply with a consequential improvement to selling prices. Airtours, which has traditionally attained a better profit per passenger than its competitors, achieved a

substantial improvement in margins across the season.

Summer 1991 saw the Company operating a major programme from London's Gatwick airport for the first time. Gatwick is the country's busiest airport for Inclusive Tour holidays and represents a further extension to the Company's geographic coverage. This will again be expanded for Summer 1992 when the Company will also operate programmes from Aberdeen and Humberside airports bringing the number of departure airports to eleven.

New destinations for 1991 included Turkey and the Bahamas, both of which sold well. Our programme to Yugoslavia was terminated at the first sign of unrest in that country and therefore had little effect upon the Company. For 1991/92, the programme has been expanded by the addition of Antigua, Djerba, Egypt, Kefalonia and Nice as new destinations. Airtours has also been appointed as a Selected Euro Disney Tour Operator and from April 1992 will offer a full Charter programme to Paris from Manchester, Birmingham, East Midlands, Newcastle and Glasgow airports.

The Inclusive Tour market continues to provide exciting opportunities for innovative operators although smaller companies will find it increasingly difficult to compete with their larger and more integrated competitors. Potential new entrants to the market will be inhibited by difficulties in obtaining bonding, cost effective flying and distribution of their product. Against this background the Company looks forward to a further year of growth in its inclusive tour operations.

**Passenger  
carrying  
rise  
by 48%**

**Market share  
rises from  
7.5%  
to 13%**

### Self Drive Holidays

EuroSites, which offers self drive holidays in luxury tents located on four star camping sites, had a highly satisfactory second year of operation achieving a market share of approximately 25% and generating a satisfactory contribution to Group profits earlier than envisaged in the original business plan.

1991 saw the expansion of EuroSites activities into the Continent with the formation of EuroSites BV in Holland. This new venture sells our product into the Dutch market and has achieved highly satisfactory results in its first year of operation. This

successful formula is now being repeated in Germany where we have formed Eurosites GmbH to sell our product to the largest holiday buying market in Europe.

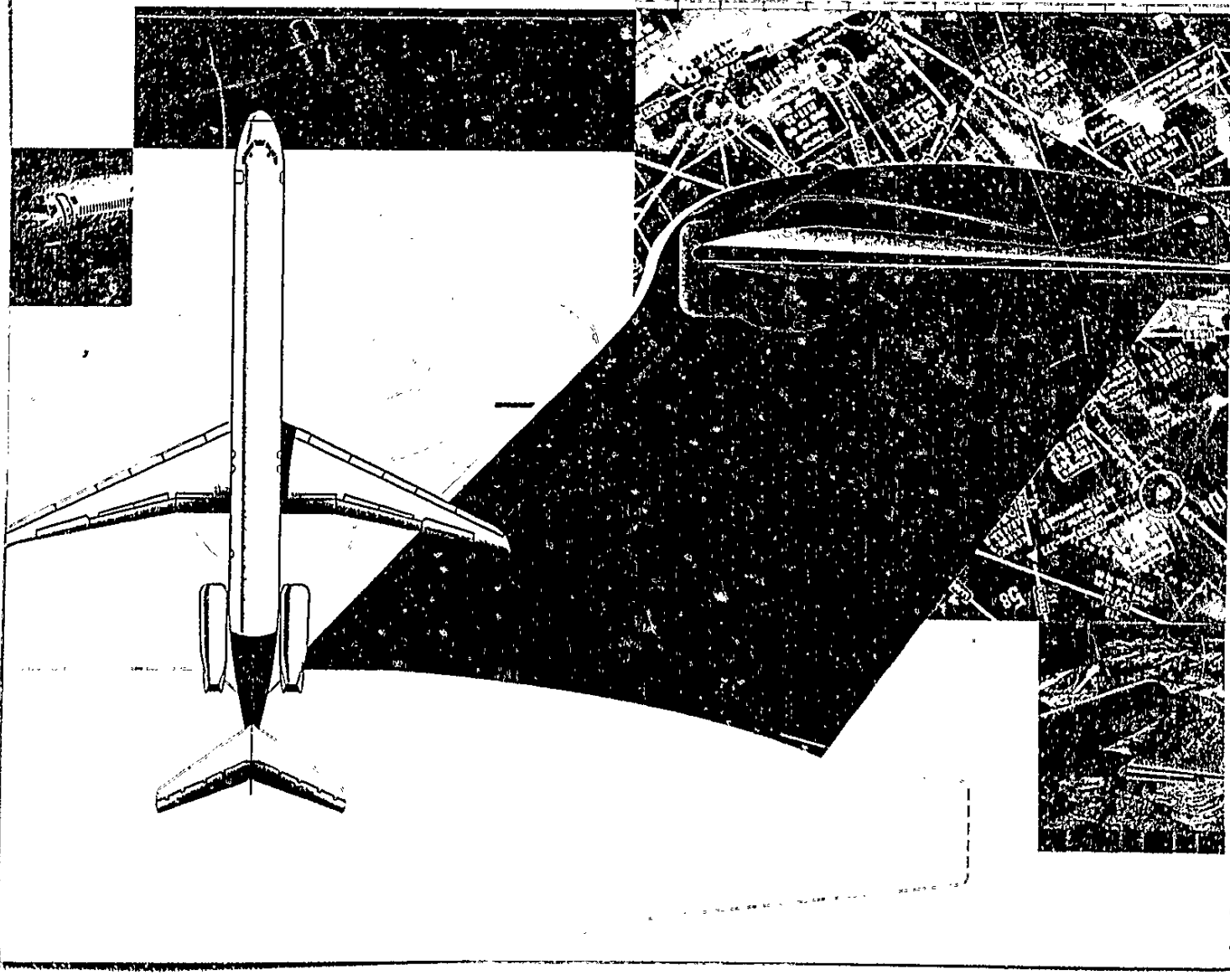
In 1991 EuroSites offered holidays on 93 sites situated in France and Spain. In 1992 this portfolio has been expanded to 123 sites including additions in Austria, Belgium, Italy and Luxembourg. For the first time in 1992 EuroSites clients will have the opportunity of staying in our brand new luxury mobile homes which have been specifically designed to the Company's requirements.

EuroSites is now a very strong number

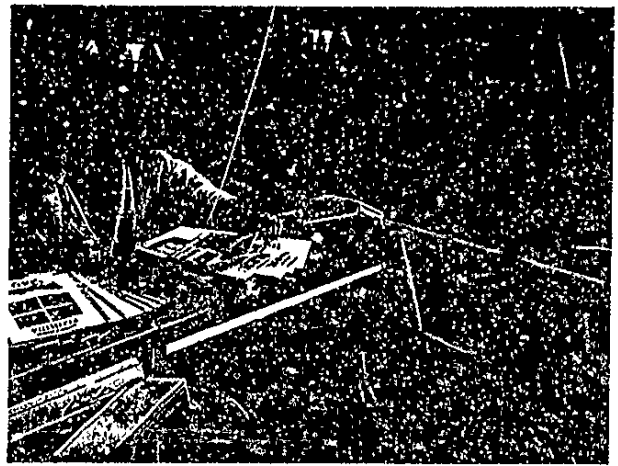
two in this market. There is a high degree of customer satisfaction which endorses EuroSites policy of providing a quality product and the Company is poised for further growth in market share as it exploits its growing mailing list of satisfied customers.

### Airline

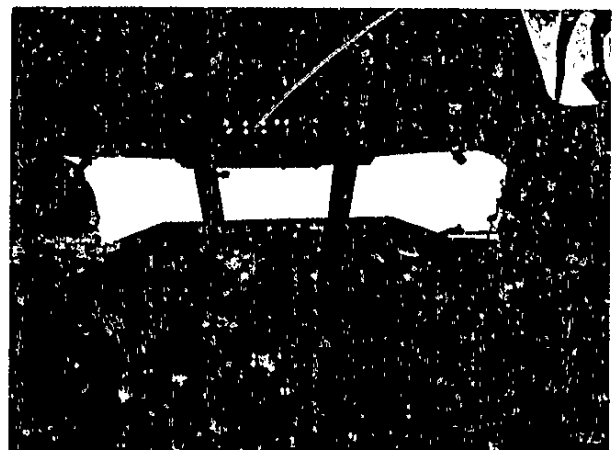
The formation of Airtours International Aviation has been an unqualified success in both financial and operational terms. The airline was set up in record time and at significantly lower cost than budgeted and all five aircraft were available and flying ahead of schedule.



Airtours International is dedicated to serving the short haul flying requirements of Airtours Holidays. For Summer 1991, Airtours International provided 50% of this total requirement and expects to carry 55% of the passengers for Winter 1991/92. During Summer 1991, the airline achieved a level of utilisation of its aircraft which was higher than any other operator of MD80 series aircraft. Winter utilisation is the controlling factor upon any future expansion of the airline and a decision has been taken that expansion of the fleet by three additional aircraft would be possible within this overall constraint. This will generate additional profits for the airline and bring the airline's quality service to a greater number of Airtours passengers. The additional aircraft will be identical to the McDonnell Douglas MD83's currently used and are scheduled for delivery in Spring 1992 bringing the fleet to a total of eight aircraft. The original criteria used in determining the aircraft type were comfort, reliability and cost effective performance. Experience to date indicates that the MD83 is more than satisfying these requirements.



**Utilisation  
of the  
Airtours  
International fleet  
was higher  
than that  
of any other  
operator of MD80  
series aircraft**



## directors' report

The Directors present their report together with the financial statements for the year ended 30th September, 1991.

### 1 Principal Activities and Business Review

The principal activity of the Company is that of a tour operator. In March, 1991 a wholly owned subsidiary company, Airtours International Aviation (Guernsey) Limited, commenced operations as an in-house airline serving the core business. Eurosites BV, another wholly owned subsidiary, has been providing camping holidays to the Dutch market since the commencement of Summer 1991. The year has been one of major growth for the Company, despite the difficulties presented by the Gulf War and the continuing unrest in Yugoslavia.

### 2 Results and Dividend

The profit for the year after tax amounted to £18,238,000 (1990 £4,360,000). The Directors recommend a final dividend of 21.00p (1990 6.64p) per Ordinary Share amounting to £4,524,000, in addition to the interim dividend of 2.00p (1990 1.48p) per Ordinary Share, amounting to £431,000 paid on 29th July, 1991, leaving a retained profit of £13,251,000 to be added to reserves.

### 3 Directors

The Directors in office at the end of the year are listed below.

Apart from Mr R G Marcall and Mr T Waslander, who were appointed to the Board on 24th January, 1991, all served on the Board throughout the year.

In accordance with the Articles of Association shareholders will be asked to confirm the appointment of Mr R G Marcall and Mr T Waslander.

Mr D Crossland retires by rotation and, being eligible, offers himself for re-election. The unexpired period of his service contract is one year.

The interests of the Directors and their families in the Ordinary Shares of the Company at 1st October, 1990 (or the date of their appointment to the Board if later) and at 30th September, 1991, as recorded in the register maintained by the Company in accordance with the Companies Act 1985 are shown in the table above.

In the period between 30th September, 1991 and 30th November, 1991 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.

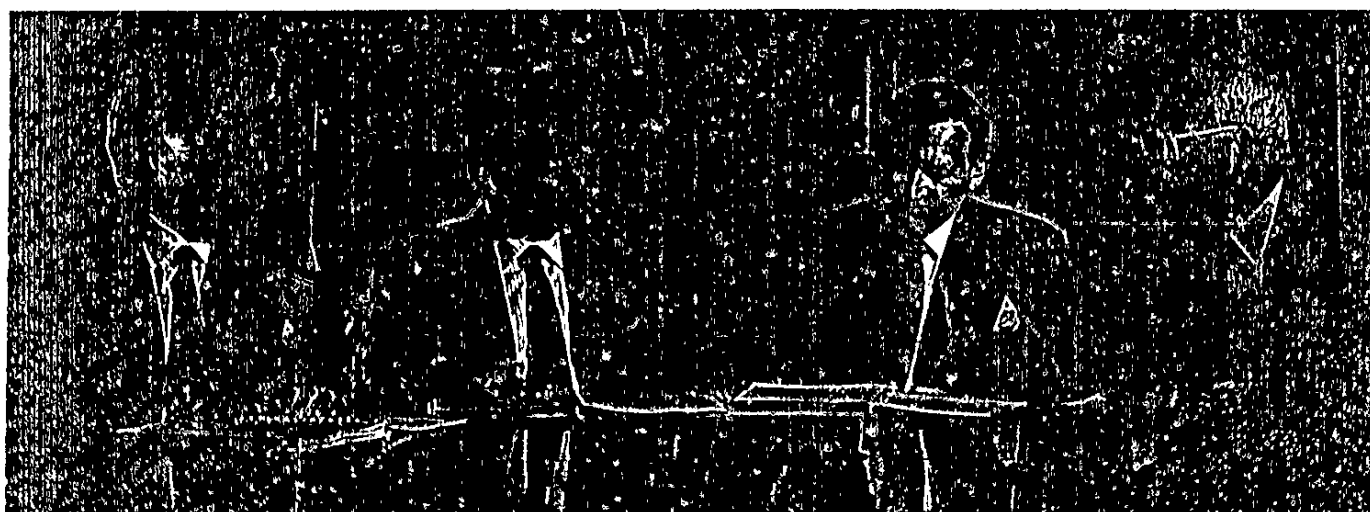
	Ordinary Shares		Warrants over Ordinary Shares	
	1991	1990	1991	1990
D Crossland	8,161,810	8,161,810	678,250	678,250
Sir Michael Bishop	13,000	10,000	1,000	1,000
A H Coe	6,500	5,000	5,000	5,000
H H Collinson	474,000	14,000	6,400	6,400
R G Marcall	2,600	2,000	200	200
I F Sanderson	1,300	1,000	100	100
T Trickett	2,492,500	3,117,500	174,250	174,250
T Waslander	39,090	36,990	852	852
	Class I Options over Ordinary Shares		Class II Options over Ordinary Shares	
	1991	1990	1991	1990
D Crossland	-	-	-	-
Sir Michael Bishop	-	-	-	-
A H Coe	157,050	127,050	76,066	66,066
H H Collinson	52,500	450,000	17,500	-
R G Marcall	40,164	10,164	60,820	50,820
I F Sanderson	-	-	-	-
T Trickett	-	-	-	-
T Waslander	40,164	10,164	60,820	50,820
Adjusted for Placing and Offer to existing shareholders in 1991.				

### 4 Insurance effected for Directors and Officers

The Company has maintained insurance for the Directors and certain Officers of the Company against liability arising from negligence, breach of duty, default or breach of trust in relation to the Company, as permitted under section 310 of the Companies Act 1985.

### 5 Fixed Assets

The principal items of capital expenditure were on the purchase of aircraft equipment (£4,804,000), camping equipment (£1,451,000) and on



computer equipment (£895,000).  
The net book amount of fixed assets sold during the year was £210,000.

#### 6 Employee Involvement

The Company has continued its practice of keeping its 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.

#### 7 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.

#### 8 Tax Status

The Directors are of the opinion that the Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

#### 9 Charitable and Political Donations

The Company made charitable

donations of £14,600 during the year. No political donations were made.

#### 10 Substantial Shareholders

Mr D Crossland and Mr T Trickett who are Directors of the Company hold 37.9% and 11.6% 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. This agreement was varied on 12th April, 1991 and it now relates to 2,150,000 shares.

At 30th November, 1991 The Equitable Life Assurance Society had notified the Company of an interest in 5.07% of the issued share capital of the Company.

Save as referred to above, the Directors have not been notified that, as at 30th November, 1991, any other person was interested in 3% or more of the issued share capital of the Company.

#### 11 Auditors

Grant Thornton offer themselves for

reappointment as auditors in accordance with Section 385(2) of the Companies Act 1985.

#### 12 Share Capital

As described in the separate circular enclosed with this Annual Report, it is proposed that up to £6,678,551 of the amount currently standing to the credit of the Company's share premium account be capitalised by the issue to shareholders on the register at close of business on 17th January, 1992 of three new Ordinary Shares, credited as fully paid, for each Ordinary Share they hold. Resolutions to increase the authorised share capital of the Company, approve the capitalisation issue and grant allotment authorities to the Directors will be proposed at an Extraordinary General Meeting to be held immediately after the Annual General Meeting on 23rd January, 1992.

By order of the Board

T S Detko

Secretary

16th December, 1991

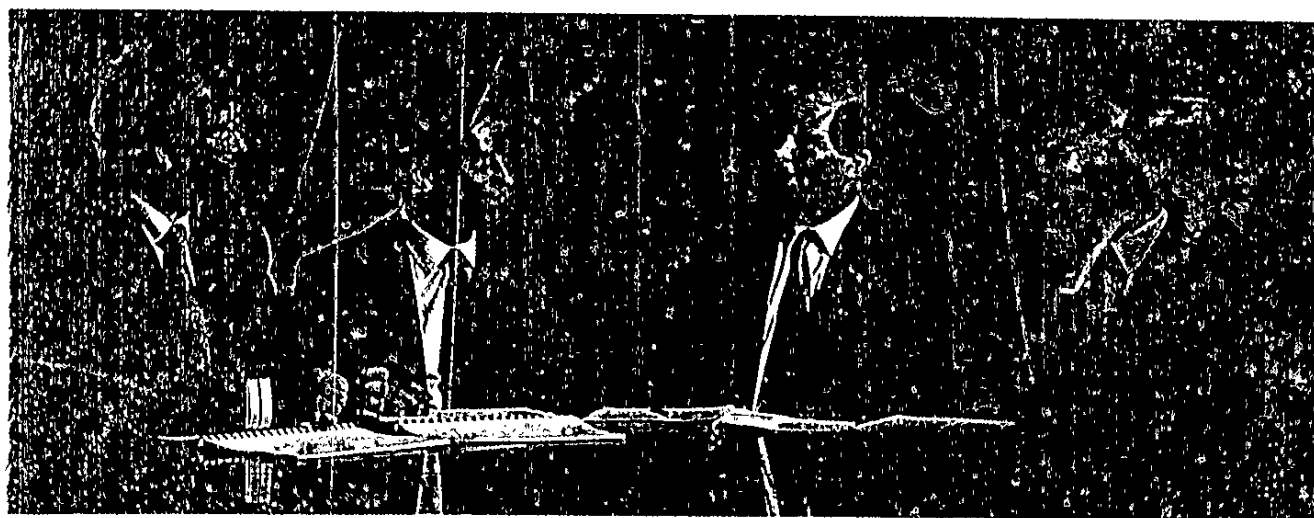
Registered Office

Wavell House,

Holecombe Road,

Helmshore, Rossendale,

Lancashire BB4 4NB



## statement of accounting policies

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

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 trading subsidiary undertakings (see Note 9 to the financial statements). The financial statements of each Company in the Group are prepared to 30th September. All intra-group profits are eliminated on consolidation.

### 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 Aircraft Overhaul and Maintenance Costs

Costs falling due in respect of major overhauls of engines, auxiliary power units, and airframes are charged to the profit and loss account according to the number of hours flown in the accounting period.

### 4 Depreciation

Depreciation on short leasehold properties is calculated to write down their cost or valuation by equal annual instalments over the period of the leases.

Depreciation on motor vehicles is

calculated on the reducing balance method and aims to write down their cost to estimated residual value over their expected useful lives of four years.

Depreciation on other tangible fixed assets, which includes aircraft spares, camping and computer equipment, is calculated on a straight line or reducing balance method and aims to write down their cost to estimated residual value over their expected useful lives which range from three to fifteen years.

### 5 Purchased Goodwill

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

### 6 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.

### 7 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.

### 8 Brochure and Promotional Costs

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

### 9 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.

### 10 Pension Costs

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

auditors' report

**Airtours**  
International

**Grant Thornton** 

**To the members of Airtours plc** - We have audited the financial statements on page 18 and pages 20 to 30 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 1991, 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  
16th December, 1991  
Manchester

FLIGHT COUPON No. 7  
1991

**group profit and loss account**  
year ended 30th September, 1991

	Notes	1991 £000	1990 £000
<b>Turnover</b>	1	<b>289,538</b>	183,001
<b>Cost of sales</b>		<b>250,940</b>	166,529
<b>Gross profit</b>		<b>38,598</b>	16,472
<b>Selling costs</b>		<b>2,782</b>	2,167
<b>Administrative expenses</b>		<b>9,805</b>	6,802
<b>Other charges</b>		<b>3,302</b>	2,211
		<b>15,889</b>	11,180
<b>Operating profit</b>		<b>22,709</b>	5,292
<b>Interest receivable and sundry income</b>	2	<b>4,805</b>	1,015
<b>Profit on ordinary activities before tax</b>	1	<b>27,514</b>	6,307
<b>Tax on profit on ordinary activities</b>	4	<b>9,276</b>	1,947
<b>Profit for the financial year</b>	5	<b>18,238</b>	4,360
<b>Dividends</b>	6	<b>4,987</b>	1,327
<b>Profit retained</b>	15	<b>13,251</b>	3,033
<b>Basic earnings per share</b>	7	<b>98.71p</b>	26.76p
<b>Fully diluted earnings per share</b>	7	<b>99.24p</b>	n/a

*The accounting policies on page 18 and notes on pages 24 to 30 form part of these financial statements.*



**group balance sheet**  
at 30th September, 1991

	Notes	1991 £000	1990 £000
<b>Fixed assets</b>			
Tangible assets	8	10,932	6,096
<b>Current assets</b>			
Debtors	10	13,017	12,869
Cash at bank and in hand		103,278	26,455
		<b>116,295</b>	<b>39,324</b>
<b>Creditors: amounts falling due within one year</b>	11	<b>84,867</b>	<b>31,394</b>
<b>Net current assets</b>		<b>31,428</b>	<b>7,930</b>
<b>Total assets less current liabilities</b>		<b>42,360</b>	<b>14,026</b>
<b>Creditors: amounts falling due after more than one year</b>	12	<b>536</b>	<b>1,011</b>
<b>Provisions for liabilities</b>	13	<b>-</b>	<b>13</b>
		<b>536</b>	<b>1,024</b>
<b>Net assets</b>		<b>41,824</b>	<b>13,002</b>
<b>Capital and reserves</b>			
Called up share capital	14	2,154	1,609
Share premium account	15	16,347	1,321
Profit and loss account	15	23,323	10,072
		<b>41,824</b>	<b>13,002</b>

The financial statements were approved by the Board of Directors on 16th December, 1991.

A H Coe  
Director



The accounting policies on page 18 and notes on pages 24 to 30 form part of these financial statements.

**company balance sheet**  
at 30th September, 1991

	Notes	1991 £000	1990 £000
<b>Fixed assets</b>			
Tangible assets	8	6,168	6,096
Investments	9	330	27
		<b>6,498</b>	<b>6,123</b>
<b>Current assets</b>			
Debtors	10	23,004	12,869
Cash at bank and in hand		83,697	26,455
		<b>106,701</b>	<b>39,324</b>
<b>Creditors: amounts falling due within one year</b>	11	<b>72,849</b>	<b>31,394</b>
<b>Net current assets</b>		<b>33,852</b>	<b>7,930</b>
<b>Total assets less current liabilities</b>		<b>40,350</b>	<b>14,053</b>
<b>Creditors: amounts falling due after more than one year</b>	12	<b>589</b>	<b>1,064</b>
<b>Provisions for liabilities</b>	13	<b>-</b>	<b>13</b>
		<b>589</b>	<b>1,077</b>
<b>Net assets</b>		<b>39,761</b>	<b>12,976</b>
<b>Capital and reserves</b>			
Called up share capital	14	2,154	1,609
Share premium account	15	16,347	1,321
Profit and loss account	15	21,260	10,046
		<b>39,761</b>	<b>12,976</b>

The financial statements were approved by the Board of Directors on 16th December, 1991.

**A H Coe**  
Director

*The accounting policies on page 18 and notes on pages 24 to 30 form part of these financial statements.*

**group statement of source and application of funds**  
year ended 30th September, 1991

	1991	1990
	£000	£000
<b>Source of funds</b>		
From operations		
Profit on ordinary activities before tax	27,514	6,307
Adjustments for items not involving the movement of funds		
Depreciation and amounts written off fixed assets	3,117	1,897
Loss/(profit) on sale of fixed assets	18	(37)
	3,135	1,860
<b>Generated from operations</b>	<b>30,649</b>	<b>8,167</b>
From other sources		
Issue of share capital (net of expenses)	15,571	22
Tax refund	356	-
Proceeds of disposals of tangible fixed assets	192	148
Lease finance	202	205
	16,321	375
	46,970	8,542
<b>Application of funds</b>		
Dividends paid	1,549	1,121
Tax paid	2,687	2,769
Purchase of tangible fixed assets	8,163	3,151
Lease payments	640	449
Purchase of goodwill	-	223
	13,039	7,713
<b>Net inflow of funds</b>	<b>33,931</b>	<b>829</b>
<b>Increases/(decreases) in working capital</b>		
Debtors	(1,328)	(923)
Creditors: amounts falling due within one year	(41,564)	(4,620)
	(42,892)	(5,543)
<b>Net liquid funds</b>		
Cash at bank and in hand	76,823	6,372
<b>Net increase in working capital</b>	<b>33,931</b>	<b>829</b>

# notes to the financial statements

year ended 30th September, 1991

## 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:

	1991 £000	1990 £000
United Kingdom	288,580	182,984
Other EEC countries	958	17
	<b>289,538</b>	<b>183,001</b>

Profit on ordinary activities is stated after charging:

	1991 £000	1990 £000
Finance lease interest	121	183
Operating lease payments	3,577	107
Auditors' remuneration	50	41
Depreciation of tangible fixed assets		
– owned	2,580	1,296
– held under finance leases	537	601
Exceptional item – Airline start up costs included in cost of sales	2,641	–

## 2 Interest receivable and sundry income

	1991 £000	1990 £000
Bank interest receivable	4,676	988
Sundry income	129	27
	<b>4,805</b>	<b>1,015</b>

## 3 Directors and employees

Staff costs during the year:

	1991 £000	1990 £000
Wages and salaries	10,987	5,074
Social security costs	879	458
Other pension costs	244	83
	<b>12,110</b>	<b>5,615</b>

The average number of employees of the Group during the year was 854 (1990 – 571).

	1991 £000	1990 £000
Remuneration in respect of the Directors was payable as follows:		
Directors' management remuneration	946	573

**3 Directors and employees continued**

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

1991  
£000

1990  
£000

The Chairman

241 163

Other Directors

Number Number

£10,001 – £15,000

1 1

£20,001 – £25,000

1 1

£80,001 – £85,000

– 1

£85,001 – £90,000

2 –

£95,001 – £100,000

1 1

£145,001 – £150,000

1 –

£155,001 – £160,000

– 1

£210,001 – £215,000

1 –

**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:

1991  
£000

1990  
£000

UK Corporation tax at 33.5% (1990 – 35%)

8,995 2,516

Overseas tax

621 –

Deferred tax

(343) (277)

9,273 2,239

Adjustments in respect of prior years:

UK Corporation tax

3 (425)

Deferred tax

– 133

9,276 1,947

**5 Profit for the financial year**

The parent company has taken advantage of Section 230(2) of the Companies Act 1985 and has not included its own profit and loss account in these financial statements.

**notes to the financial statements**  
continued

<b>6 Dividends</b>	<b>1991</b>	<b>1990</b>
Ordinary shares:	<b>£000</b>	<b>£000</b>
Final dividend of 6.75p per share paid on share options exercised on 14th January, 1991	<b>32</b>	—
Interim dividend paid 2.00p per share (1990 – 1.48p per share)	<b>431</b>	241
Proposed final dividend of 21.00p per share payable 18th February, 1992 (1990 – 6.64p per share)	<b>4,524</b>	1,086
	<b>4,987</b>	1,327

Comparative figures of dividend per share have been restated to take account of the Placing and Offer to existing shareholders in 1991.

**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 £18,238,000 (1990 – £4,360,000) and on 18,476,642 Ordinary Shares of 10p each, being the weighted average number of shares in issue during the year ended 30th September, 1991 (1990 – 16,293,808 Ordinary Shares).

The comparative figure of Ordinary Shares in issue has been restated to take account of the Placing and Offer to existing shareholders in 1991.

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

**8 Tangible fixed assets**

**The Group:**

	<b>Total</b>	<b>Short leasehold properties</b>	<b>Motor vehicles</b>	<b>Other fixed assets</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>				
At 1st October, 1990	<b>9,220</b>	<b>453</b>	<b>371</b>	<b>8,396</b>
Additions	<b>8,163</b>	<b>215</b>	<b>219</b>	<b>7,729</b>
	<b>17,383</b>	<b>668</b>	<b>590</b>	<b>16,125</b>
Disposals	<b>289</b>	—	<b>113</b>	<b>176</b>
At 30th September, 1991	<b>17,094</b>	<b>668</b>	<b>477</b>	<b>15,949</b>
<b>Depreciation</b>				
At 1st October, 1990	<b>3,124</b>	<b>120</b>	<b>97</b>	<b>2,907</b>
Provided in year	<b>3,117</b>	<b>59</b>	<b>83</b>	<b>2,975</b>
	<b>6,241</b>	<b>179</b>	<b>180</b>	<b>5,882</b>
Attributable to disposals	<b>79</b>	—	<b>48</b>	<b>31</b>
At 30th September, 1991	<b>6,162</b>	<b>179</b>	<b>132</b>	<b>5,851</b>
Net book value at 30th September, 1991	<b>10,932</b>	<b>489</b>	<b>345</b>	<b>10,098</b>
Net book value at 30th September, 1990	<b>6,096</b>	<b>333</b>	<b>274</b>	<b>5,489</b>

# 8 Tangible fixed assets continued

The Company:	Total	Short leasehold properties	Motor vehicles	Other fixed assets
	£000	£000	£000	£000
Cost				
At 1st October, 1990	9,220	453	371	8,396
Additions	3,168	215	197	2,756
	12,388	668	568	11,152
Disposals	239	-	113	176
At 30th September, 1991	12,099	668	455	10,976
Depreciation				
At 1st October, 1990	3,124	120	97	2,907
Provided in year	2,886	59	77	2,750
	6,010	179	174	5,657
Attributable to disposals	79	-	48	31
At 30th September, 1991	5,931	179	126	5,626
Net book value at 30th September, 1991	6,168	489	329	5,350
Net book value at 30th September, 1990	6,096	333	274	5,489

The net book value of Other fixed assets of the Group and Company includes an amount of £1,324,982 in respect of assets held under finance leases on which depreciation of £537,149 has been provided in the year.

# 9 Fixed asset investments

The Company:	Shares in subsidiary undertakings
	£000
Cost and net book value	
At 1st October, 1990	27
Additions	303
At 30th September, 1991	330

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At 30th September, 1991, the Company held directly or indirectly 100% of the ordinary share capital of the following principal undertakings:

	Country of Incorporation	Proportion held Company	Proportion held Group	Nature of business
		%	%	
Airtours Holidays Limited	England	100		Dormant
Eurosites Limited	England	100		Dormant
Eurosites Holding BV	Holland	100		Holding Company
Eurosites BV	Holland		100	Holiday Company
Eurosites GmbH	Germany		100	Holiday Company
Airtours International Aviation (Guernsey) Limited	Guernsey		100	Airline
White Horse Insurance Limited	Guernsey		100	Insurance Company

**notes to the financial statements**  
continued

**10 Debtors**

	<b>The Group</b>		<b>The Company</b>	
	<b>1991</b>	<b>1990</b>	<b>1991</b>	<b>1990</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Amounts falling due within one year:				
Trade debtors	1,382	1,391	1,295	1,391
Other debtors	803	3,444	391	3,444
Deposits and prepayments	7,718	8,034	7,036	8,034
Amounts owed by Group undertakings	-	-	12,806	-
	<b>9,903</b>	<b>12,869</b>	<b>21,528</b>	<b>12,869</b>
Amounts falling due after more than one year:				
ACT recoverable	1,476	-	1,476	-
Deposits and prepayments	1,638	-	-	-
	<b>3,114</b>	<b>-</b>	<b>1,476</b>	<b>-</b>
	<b>13,017</b>	<b>12,869</b>	<b>23,004</b>	<b>12,869</b>

**11 Creditors: amounts falling due within one year**

	<b>The Group</b>		<b>The Company</b>	
	<b>1991</b>	<b>1990</b>	<b>1991</b>	<b>1990</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade creditors	28,597	8,866	19,806	8,866
Current taxation	10,788	2,354	9,697	2,354
Social security and other taxes	347	112	159	112
Other creditors	3,799	2,462	2,817	2,462
Proposed dividends	4,524	1,086	4,524	1,086
Accruals	5,693	590	4,727	590
Amounts due under finance leases	539	502	539	502
Revenue received in advance	30,580	15,422	30,580	15,422
	<b>84,867</b>	<b>31,394</b>	<b>72,849</b>	<b>31,394</b>

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

	<b>The Group</b>		<b>The Company</b>	
	<b>1991</b>	<b>1990</b>	<b>1991</b>	<b>1990</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Amounts owed to Group undertakings	-	-	53	53
Amounts due under finance leases (all repayable between one and two years)	536	1,011	536	1,011
	<b>536</b>	<b>1,011</b>	<b>589</b>	<b>1,064</b>



**13 Provisions for liabilities**

	<b>The Group</b>		<b>The Company</b>	
	<b>1991</b>	<b>1990</b>	<b>1991</b>	<b>1990</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Deferred tax				
At 1st October, 1990	<b>13</b>	226	<b>13</b>	226
Credited during the year	<b>(343)</b>	(144)	<b>(343)</b>	(144)
Advance corporation tax on proposed dividend	<b>330</b>	(69)	<b>330</b>	(69)
At 30th September, 1991	-	13	-	13

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

	<b>The Group</b>		<b>The Company</b>	
	<b>1991</b>	<b>1990</b>	<b>1991</b>	<b>1990</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	<b>(236)</b>	140	<b>(236)</b>	140
Short term timing differences	<b>98</b>	65	<b>98</b>	65
Capital gains held over	<b>170</b>	170	<b>170</b>	170
Less: Advance corporation tax	<b>(32)</b>	(362)	<b>(32)</b>	(362)
	-	13	-	13

**14 Called up share capital**

	<b>1991</b>	<b>1990</b>
	<b>£000</b>	<b>£000</b>
Authorised		
30,525,000 Ordinary Shares of 10p each (1990 – 22,000,000 Ordinary Shares of 10p each)	<b>3,052</b>	2,200
Allotted, called up and fully paid		
21,541,422 Ordinary Shares of 10p each (1990 – 16,090,325 Ordinary Shares of 10p each)	<b>2,154</b>	1,609

In order to provide funds for expansion, the Company made an allotment of 4,971,097 Ordinary Shares at 320p per share by way of a Placing and Offer to existing shareholders. The difference between the total consideration of £15,907,510 and the total nominal value of £497,110 has been credited to the share premium account.

In addition 480,000 Ordinary Shares were issued during the year ended 30th September, 1991 under the terms of the Employee Share Option Scheme for a total cash consideration of £120,000, of which Mr H H Collinson, a Director of the Company subscribed for 450,000 shares by exercise of his Class 1 options. No other Director exercised any options and all grants of options to directors are disclosed in note 3 to the Directors' Report.

**Warrants in issue**

Details of the Warrants still in issue:	<b>Option price</b>	<b>1991</b>	<b>1990</b>
Number of Ordinary Share warrants	<b>196p</b>	<b>1,324,675</b>	1,324,675

The warrants are only exercisable on 28th February, 1992.

#### 14 Called up share capital continued

Contingent rights to the allotment of shares

At 30th September, 1991 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
127,050	—	101p	4th July, 1988
30,492	—	144p	24th January, 1989
60,984	271,887	127p	7th August, 1990
155,000	—	430p	1st July, 1991
17,500	57,500	469p	5th July, 1991

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.

#### 15 Share premium account and reserves

	Share premium account	Profit and loss account
<b>The Group:</b>	<b>£000</b>	<b>£000</b>
At 1st October, 1990	1,321	10,072
Retained profit for the year	—	13,251
Premium on allotments during the year	15,482	—
Expenses of allotments during the year	(456)	—
At 30th September, 1991	16,347	23,323
<b>The Company:</b>		
At 1st October, 1990	1,321	10,046
Retained profit for the year	—	11,214
Premium on allotments during the year	15,482	—
Expenses of allotments during the year	(456)	—
At 30th September, 1991	16,347	21,260

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, 1991, there were contingent liabilities under counter indemnities given to the Group's Bankers in the normal course of business in respect of TOSG bonds and other guarantees amounting to £37,495,000 (1990 – £17,887,000).

#### 17 Capital commitments

Authorised by the Board at 30th September, 1991 but not contracted for: £200,000 (1990 – £250,000). Neither the Group nor the Company had any other capital commitments at 30th September, 1991 or 30th September, 1990.

#### 18 Leasing commitments

Operating lease payments amounting to £10,284,000 (1990 – £4,225,000) including commitments entered into after 30th September, 1991 are due within one year. The commitments to make the payments included in this sum expire as follows:

	1991	1990
	£000	£000
In one year or less	26	15
Between two and five years	218	175
In five years or more	10,040	4,035
	10,284	4,225

## five year summary

	1991	1990	1989	1988	1987
	£000	£000	£000	£000	£000
<b>Turnover</b>	<b>289,538</b>	<b>183,001</b>	<b>155,637</b>	<b>102,508</b>	<b>68,313</b>
<b>Profit on ordinary activities before tax</b>	<b>27,514</b>	<b>6,307</b>	<b>5,212</b>	<b>4,084</b>	<b>2,031</b>
Tax	9,276	1,947	1,880	1,314	716
<b>Profit on ordinary activities after tax</b>	<b>18,238</b>	<b>4,360</b>	<b>3,332</b>	<b>2,770</b>	<b>1,315</b>
Extraordinary item	—	—	—	—	1,275
<b>Profit for the financial year</b>	<b>18,238</b>	<b>4,360</b>	<b>3,332</b>	<b>2,770</b>	<b>2,590</b>
Dividends	4,987	1,327	1,120	1,000	127
<b>Profit retained</b>	<b>13,251</b>	<b>3,033</b>	<b>2,212</b>	<b>1,770</b>	<b>2,463</b>
<b>Net assets</b>	<b>41,824</b>	<b>13,002</b>	<b>10,170</b>	<b>8,033</b>	<b>5,791</b>
<b>Earnings per share</b>	<b>98.71p</b>	<b>26.76p</b>	<b>20.48p</b>	<b>17.15p</b>	<b>8.41p</b>
<b>Dividend per share</b>	<b>23.00p</b>	<b>8.12p</b>	<b>6.89p</b>	<b>6.15p</b>	<b>5.31p</b>
<b>Dividend cover</b>	<b>3.66</b>	<b>3.30</b>	<b>2.97</b>	<b>2.79</b>	<b>1.58</b>
<b>Net assets per share</b>	<b>194.16p</b>	<b>80.81p</b>	<b>63.56p</b>	<b>50.21p</b>	<b>36.77p</b>

The figures for earnings and dividends per share in earlier years have been restated to take account of the Placing and Offer to existing shareholders in 1991.

## notice of meeting

Notice is hereby given that the 1992 Annual General Meeting of the Company will be held at The Stanneylands Hotel, Wilmslow, Cheshire on Thursday, 23rd January, 1992 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, 1991.
- 2 To declare a final dividend.
- 3 To re-elect as a Director of the Company Mr R G Marcall who was appointed during the year.
- 4 To re-elect as a Director of the Company Mr T Waslander who was appointed during the year.
- 5 To re-elect as a Director of the Company Mr D Crossland who retires as a Director by rotation.
- 6 To re-appoint the auditors.
- 7 To authorise the Directors to fix the remuneration of the auditors.
- 8 To transact any other ordinary business.

By order of the Board

**T S Detko**

Secretary

16th December, 1991.

### 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 17th January, 1992. Subject to the approval of the final dividend at the Annual General Meeting, dividend warrants will be posted on 17th February, 1992.
- 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 16th December, 1991 until the conclusion of the Annual General Meeting.