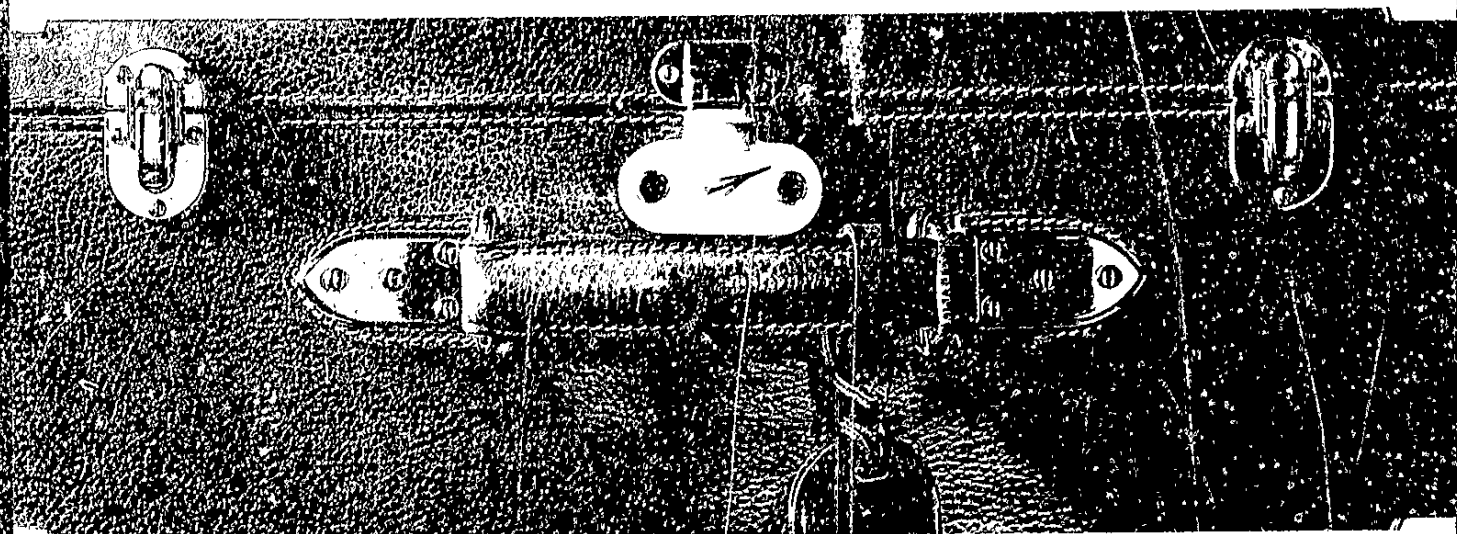


ANNUAL REPORT & ACCOUNTS 1989



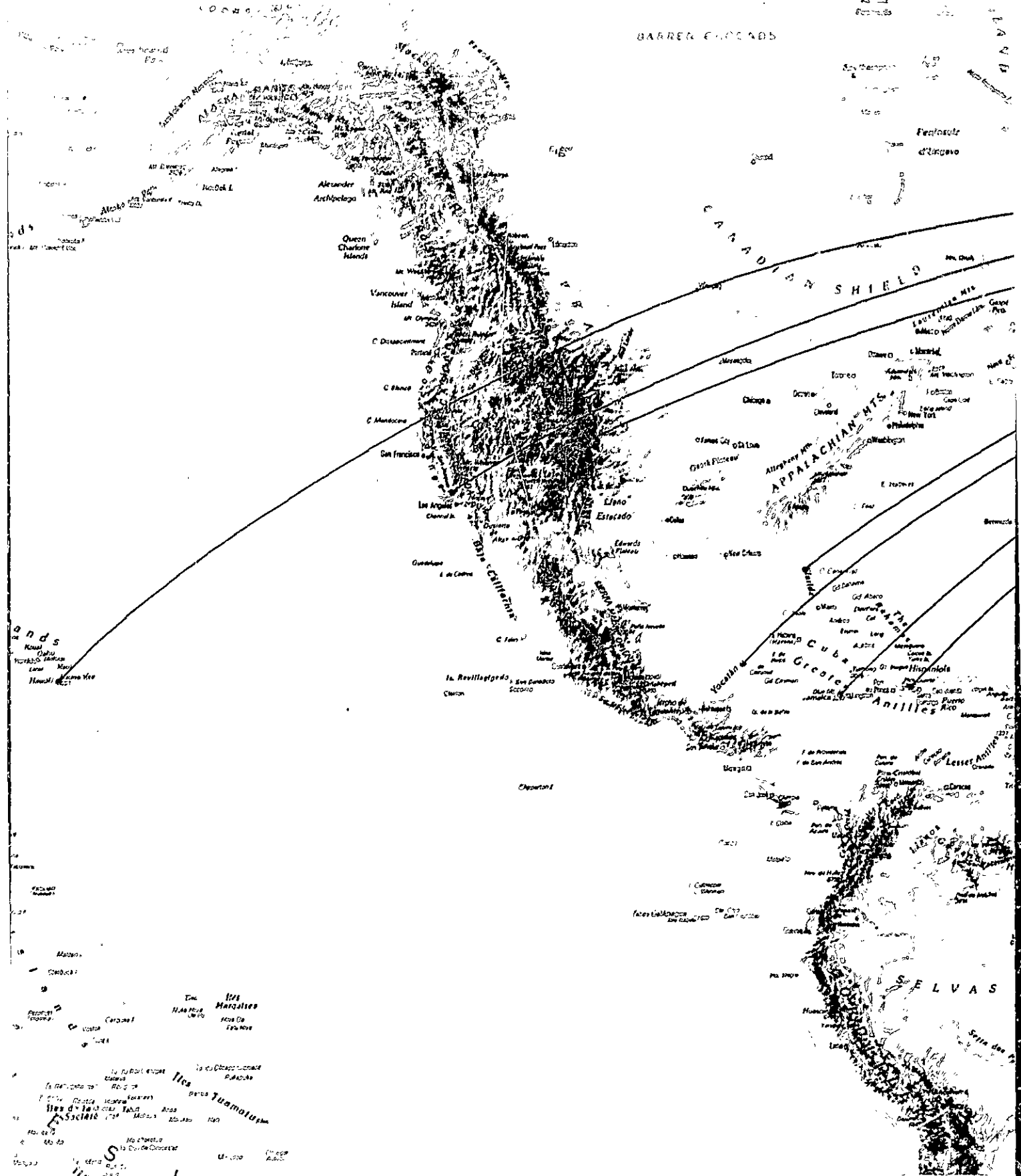


ALL FOR MONDAY HOLIDAYS



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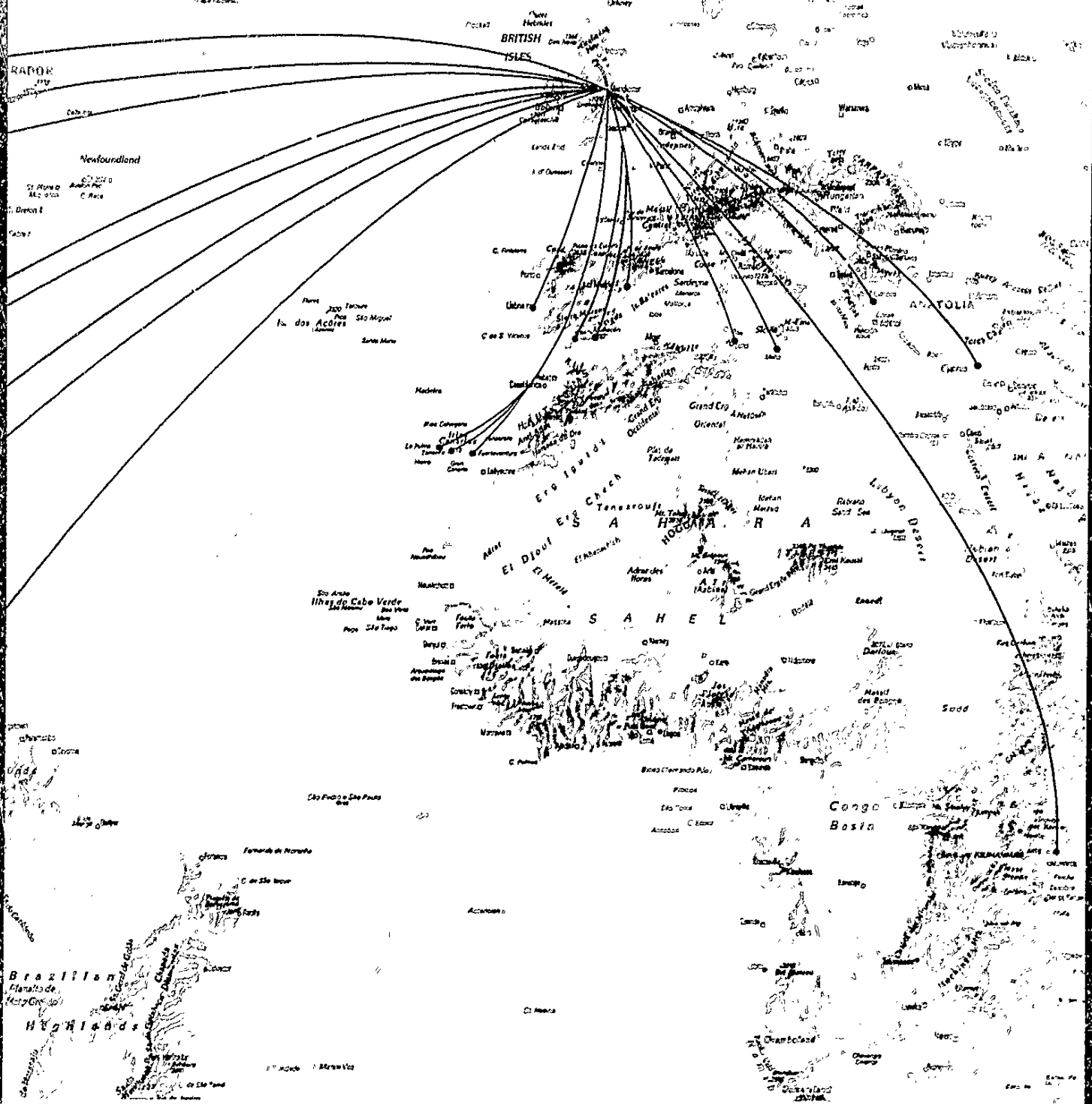


MANCHESTER BIRMINGHAM EAST MIDLANDS NEWCASTLE

HAWAII • CALIFORNIA • COLORADO • FLORIDA • CANCUN • JAMAICA • DOMINICAN REPUBLIC •

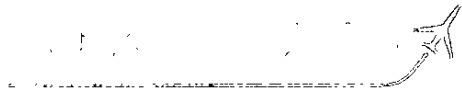


# WORLD CLASS



GLASGOW • CARDIFF • BRISTOL • LIVERPOOL • LONDON STANSTED •

BARBADOS • PORTUGAL • CANARIES • SPAIN • MALTA • YUGOSLAVIA • GREECE • CYPRUS • KENYA •



## DIRECTORS AND ADVISERS



David Crossland  
(Chairman)



Michael David Bishop, CBE  
(Non-Executive)



Albert Henry Coe, FCA, ATII  
(Finance)



Harold Hugh Collinson, FCA  
(Managing)



Eric Fenton Sanderson, CA  
(Non-Executive)



Thomas Trickett  
(Central Services)

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

Principal Bankers  
Barclays Bank PLC,  
PO Box 357,  
17 York Street,  
Manchester M60 2AU.

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

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.

## RESULTS IN BRIEF

	1989 £000	1988 £000	% Increase
Turnover	155,637	102,508	51.8
Profit before taxation	5,212	4,084	27.6
Dividends	1,120	1,000	12.0
Net assets	10,170	8,033	26.6
Earnings per share	20.82p	17.43p	19.4
Dividends per share	5.00p	6.25p	12.0
Assets per share	63.56p	50.21p	26.6

*Blackburn*

## CHAIRMAN'S STATEMENT

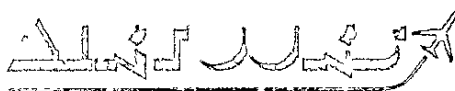
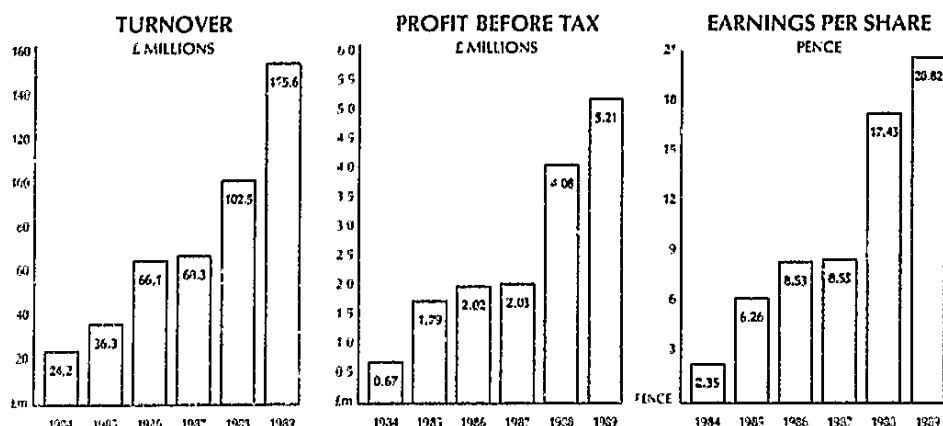
I am pleased to report another year of continued growth in profits which are increased by 27.6% to £5.2m. Turnover rose by 51.8% to £155.6m and earnings per share rose by 19.4% to 20.82p. Passengers carried increased from 463,000 to 664,000.

These results represent an excellent performance in what has been a difficult year for the industry. Airtours again increased its market share which now stands at approximately 6.5% compared with 4.2% at the time of my last Report. This made Airtours the third largest operator in the air inclusive tour market.

Although profits are increased, operating margins show a slight reduction compared with the previous year and this is due to costs

associated with problems which we experienced in our long haul flying. These problems arose from the unacceptable performance of an aircraft chartered to carry passengers to Orlando, Los Angeles and Hawaii. Although the airline concerned had operated for us throughout the 1988 season at a satisfactory level of service, substantial problems arose during 1989. This particular contract was subsequently cancelled by us and legal action was initiated against the airline. This has now been resolved by an out of court settlement.

Despite these difficulties, the resulting net profit of £7.85 per passenger remains substantially ahead of that recently reported by any of our principal competitors. Consequently, the Board is recommending a final





## CHAIRMAN'S STATEMENT CONTINUED

dividend of 5.5p per share which, with the interim dividend of 1.5p, makes 7.0p for the year.

As I indicated in my last statement, the Winter of 1988/89 saw substantial volume increases compared with the previous year and this trend was continued into the Summer season which featured California and Hawaii as additional long haul destinations, whilst the short haul programme included for the first time Fuerteventura in the Canary Islands. We also extended our regional coverage by adding Cardiff and Bristol to our list of departure airports.

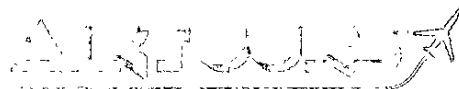
In July we launched our first city breaks package with 3, 4 or 7 day holidays to Paris and this has been a considerable success. In 1990 this service will be offered from Birmingham as well as from Manchester.

As we approach the main booking season for Summer 1990, there are clear signs that the major operators are now pursuing strategies to improve profit margins after three years of price cutting in pursuit of market share. If they adhere to such a policy, the whole industry will benefit. Given sufficient volumes, increased margins should lead to increased profitability, the provision of a higher quality product and greater customer satisfaction.

For Summer 1990, we will be offering the new destinations of Kenya, Mexico, Yugoslavia and Zakynthos, and will for the first time operate flights out of Liverpool airport. We shall also offer long haul holidays out of Newcastle airport in addition to Manchester and Stansted.

Over the last year we have spent a considerable amount of time researching new opportunities in the holiday market. This has resulted in the development and launch of two totally new businesses. The first of these, The Cottage Directory, was launched in August. The Cottage Directory is a specialist letting agency for prestige holiday properties throughout the UK which, although focussed primarily on the UK holidaymaker, is also supported by a worldwide network of 36 agencies marketing the product overseas. The Cottage Directory is already the fourth largest UK cottage letting agency and, after several small acquisitions, currently has approximately 1,000 properties on its register.

The second new venture, Eurosites, was launched in mid December and offers self-drive holidays for the independent traveller with tented accommodation on the most luxurious sites in France, Spain and Italy.





## CHAIRMAN'S STATEMENT CONTINUED

Both Eurosites and The Cottage Directory are targeted at potential customers in the mid to upper income brackets. As such, they represent a broadening of our customer base as well as an increase in our product range. Both businesses will be marketed to the public by a high calibre sales team and will utilise existing computerised booking facilities.

These new businesses will provide an important extension of our activities at a time when the air inclusive tour market may be entering a difficult period. Excess capacity across the industry and increased empty leg costs arising from the higher volumes of passengers carried in Summer 1989 have adversely affected our profitability in the first two months of the new financial year and this, together with the overhead cost of the two new businesses, will result in increased half year losses.

In common with the rest of the industry, our package holiday bookings for next summer are currently well below last year's levels but the major operators have reacted

with substantial reductions to capacity in order to protect the improved margins to which I referred earlier. I believe that lower volumes are inevitable in 1990 but it is still far too early to predict the extent of the shortfall. On the plus side, improved margins and the benefits of cost reduction programmes should help to offset the effects of reduced volumes. I believe that the measures already taken leave Airtours well placed to ride out any downturn and to take advantage of opportunities as they arise.

Throughout the year we have again received magnificent support from all management and staff, at times under the most trying circumstances. On behalf of the Board I would like to express a sincere thank you for their commitment and dedication.

D Crossland  
*Chairman*  
28th December, 1989



## NEW DIRECTIONS

In 1990 the Company's portfolio will include the following new products:

### *AIRTOURS HOLIDAYS*

Now established in the No 3 position for package holidays out of the UK, Airtours will offer the following new destinations in 1990:

#### i MEXICO

Cancun, located on the Caribbean coast of the Yucatan peninsula, is now Mexico's premier holiday resort. Apart from beautiful beaches and the crystal clear ocean, it is only a short trip to the historical sites of Aztec cities such as Uxmal and Tulum.

#### ii KENYA

Our new Kenya brochure offers a range of resorts on the tropical beaches north and south of Mombasa coupled with a variety of options for game spotting safaris in many of Kenya's national parks.

#### iii ZAKYNTHOS

This is the most southern of the Ionian islands and offers a green and fertile landscape coupled with miles of golden sands and dramatic coastal cliffs.

#### iv YUGOSLAVIA

The historic walled town of Dubrovnik is offered together with a choice of beach resorts on the Montenegrin Riviera

### *THE COTTAGE DIRECTORY*

This new venture will provide holidays in the UK in a variety of different types of accommodation ranging from romantic thatched cottages in the heart of the Cotswolds to historic castles in Scotland.

### *EUROSITES*

Our latest venture is self drive holidays to France, Spain and Italy with ferry crossing and luxurious tented accommodation at the most prestigious sites in Europe. All our sites are four star rated and the quality of our product is second to none.



## DIRECTORS' REPORT

The Directors present their report together with the financial statements for the year ended 30th September, 1989.

### 1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

During the year under review the Company has expanded its programme to include California and Hawaii and Fuerteventura in the Canary Islands. In addition, a new programme of "short breaks" in Paris was successfully launched. First year operations out of Bristol and Cardiff airports were encouraging and, for Summer 1990, Liverpool airport has been added to our list of departure points.

### 2. RESULTS AND DIVIDEND

The profit for the year after taxation amounted to £3,332,000 (1988—£2,770,000). The Directors recommend a final dividend of 5.5p (1988—4.9p) per Ordinary Share amounting to £880,000, in addition to the interim dividend of 1.5p (1988—1.35p) per Ordinary Share amounting to £240,000 paid on 28th July, 1989, leaving a retained profit of £2,212,000 to be added to reserves.

### 3. DIRECTORS

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

Mr E. F. Sanderson and Mr T. Trickett retire by rotation and, being eligible, offer themselves for re-election. At 30th September, 1989 the unexpired period of Mr T. Trickett's service contract was 5 months. Mr E. F. Sanderson does not have a service contract.

The beneficial interests of the Directors in the Ordinary Shares of the Company and its subsidiaries at 1st October, 1988, and at 30th September, 1989, as recorded in the register maintained by the Company in accordance with the provisions of the Companies Act 1985, were as follows:

	Ordinary Shares	
	1989	1988
D. Crossland	8,157,500	8,157,500
M. D. Bishop CBE	10,000	10,000
A. H. Coe	5,000	5,000
H. H. Collinson	14,000	14,000
E. F. Sanderson	1,000	1,000
T. Trickett	3,117,500	3,117,500
	Options over	
	Ordinary Shares	
	1989	1988
D. Crossland	—	—
M. D. Bishop CBE	—	—
A. H. Coe	95,000	80,000
H. H. Collinson	450,000	450,000
E. F. Sanderson	—	—
T. Trickett	—	—

*[Handwritten signature]*



## DIRECTORS' REPORT CONTINUED

	<i>Warrants over Ordinary Shares</i>	
	1989	1988
D. Crossland	678,250	678,250
M. D. Bishop CBE	1,000	1,000
A. H. Coe	5,000	—
H. H. Collinson	6,400	1,400
E. F. Sanderson	100	100
T. Trickett	174,250	174,250

In the period between 30th September, 1989 and 30th November, 1989 there were no changes in these holdings.

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

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

#### 4. *FIXED ASSETS*

The principal items of capital expenditure were on the purchase of additional computer hardware and software (£3,409,000).

The net book amount of fixed assets sold during the year was £185,000.

#### 5. *EMPLOYEE INVOLVEMENT*

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

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

#### 6. *DISABLED EMPLOYEES*

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

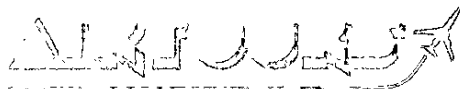
It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

#### 7. *TAX STATUS*

The Directors are of the opinion that the Company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

#### 8. *SUBSTANTIAL SHAREHOLDERS*

The Company has not been notified of any shareholdings



## DIRECTORS' REPORT CONTINUED

representing 5% or more of the issued share capital of the Company other than those of Mr D. Crossland and Mr T. Trickett who are Directors of the Company and hold 51% and 19% respectively.

Under an agreement dated 2nd December, 1988, which is to be effective for up to 5 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.

*Registered office*  
Wavell House,  
Holcombe Road,  
Helmshore,  
Rossendale,  
Lancashire BB4 4NB.

### 9. AUDITORS

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

### 10. ANNUAL GENERAL MEETING

The Board will be seeking shareholders' approval to make various amendments to the Company's Share Option Scheme. An ordinary resolution for this purpose will be proposed as special business at the Annual General Meeting and further details of the amendments are given in the letter from the Chairman which accompanies the notice of meeting.

BY ORDER OF THE BOARD

*T. S. Detko*  
Secretary  
28th December, 1989

## SHAREHOLDER INFORMATION

### Financial Diary

Interim results announced 26th June, 1989

Final results announced 11th December, 1989

Annual General Meeting to be held 25th January, 1990

### DIVIDEND PAYMENT DATES

Interim paid 28th July, 1989

Final payable 19th February, 1990

### Taxation Information

DIVIDENDS	DIVIDENDS	RELATED TAX CREDITS
Interim	1.50 pence per share	0.50 pence per share
Proposed final	5.50 pence per share	1.83 pence per share

### Analysis of Ordinary Shareholders as at 30th September, 1989

	Number	%	Holding	%
Individuals	391	83.72	11,734,324	73.34
Banks and Nominee Holdings	50	10.71	3,830,517	23.94
Institutions:				
Investment and Unit Trusts	2	0.43	105,000	0.66
Pension Funds	1	0.21	100,000	0.62
Others	23	4.93	230,484	1.44
	<u>467</u>	<u>100.00</u>	<u>16,000,325</u>	<u>100.00</u>

### Shareholders' Benefits

Individual registered holders of Ordinary shares in the Company are eligible for concessionary discounts, details of which are separately enclosed with these financial statements. There is no minimum shareholding requirement.

ALF JONES



## 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 9). The financial statements of each Company in the Group are prepared to 30th September. All unrealised internal profits are eliminated on consolidation.

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

### (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 trade discounts. Revenues and expenses relating to package holidays are taken to the 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:—

- (i) Short leasehold properties—Period of lease
- (ii) Computer equipment—4 years
- (iii) Fixtures, fittings and equipment—10%
- (iv) Motor vehicles—25%

### (d) PURCHASED GOODWILL

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

### (e) 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.



## STATEMENT OF ACCOUNTING POLICIES CONTINUED

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.

### *(f) 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.

### *(g) BROCHURE AND PROMOTIONAL COSTS*

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

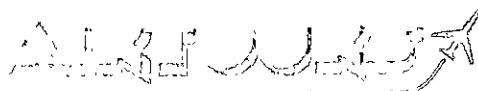
### *(h) LEASED ASSETS*

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.

### *(i) PENSION COSTS*

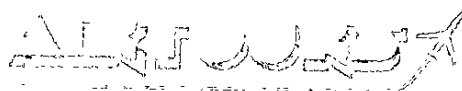
The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.



## GROUP PROFIT AND LOSS ACCOUNT

	Notes	Year ended 30th September,	
		1989	1988
		£000	£000
Turnover	(1)	155,637	102,508
Cost of sales		144,695	93,482
Gross profit		10,942	9,026
Selling costs	4,140		3,475
Administrative expenses	2,108		1,291
Other charges	1,226		796
		7,474	5,562
Operating profit		3,468	3,464
Interest receivable and sundry income	(2)	1,744	620
Profit on ordinary activities before taxation	(1)	5,212	4,084
Tax on profit on ordinary activities	(4)	1,880	1,314
Profit for the financial year	(5)	3,332	2,770
Dividends	(6)	1,120	1,000
Profit retained	(15)	2,212	1,770
Earnings per share	(7)	20.82p	17.43p

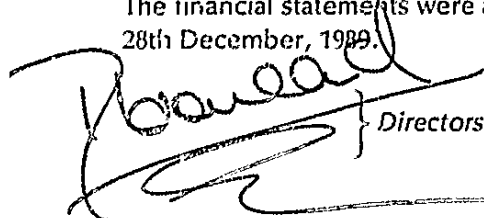
The accounting policies and notes on pages 14 and 15, and 20 to 26 form part of these financial statements.



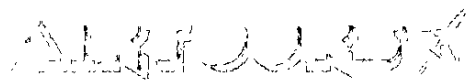
## GROUP BALANCE SHEET

		<i>at 30th September,</i>	
		<i>1989</i>	<i>1988</i>
	<i>Nores</i>	<i>£000</i>	<i>£000</i>
Fixed assets			
Tangible assets	(8)	4,953	1,793
Current assets			
Debtors	(10)	13,792	10,597
Cash at bank and in hand		20,083	15,656
		<u>33,875</u>	<u>26,253</u>
Creditors: amounts falling due within one year	(11)	27,331	19,868
Net current assets		6,544	6,385
Total assets less current liabilities		<u>11,497</u>	<u>8,178</u>
Creditors: amounts falling due after more than one year	(12)	1,101	145
Provisions for liabilities	(13)	226	—
		<u>1,327</u>	<u>145</u>
Net assets		<u>10,170</u>	<u>8,033</u>
Capital and reserves			
Called up share capital	(14)	1,600	1,600
Share premium account	(15)	1,308	1,308
Profit and loss account:	(15)	7,262	5,125
		<u>10,170</u>	<u>8,033</u>

The financial statements were approved by the Board of Directors on  
28th December, 1989.

  
Directors

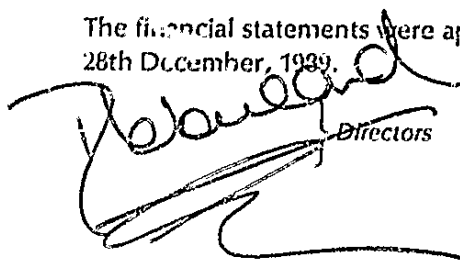
The accounting policies and notes on pages 14 and 15, and 20 to 26 form part of these financial statements.



## COMPANY BALANCE SHEET

		<i>at 30th September,</i>	
		<i>1989</i>	<i>1988</i>
	Notes	£000	£000
Fixed assets			
Tangible assets	(6)	4,953	1,793
Investments	(9)	27	27
		<u>4,980</u>	<u>1,820</u>
Current assets			
Debtors	(10)	13,792	10,597
Cash at bank and in hand		20,083	15,656
		<u>33,875</u>	<u>26,253</u>
Creditors: amounts falling due within one year	(11)	27,331	19,868
Net current assets		6,544	6,385
Total assets less current liabilities		11,524	8,205
Creditors: amounts falling due after more than one year	(12)	1,154	198
Provisions for liabilities	(13)	226	—
		<u>1,380</u>	<u>198</u>
Net assets		<u>10,144</u>	<u>8,007</u>
Capital and reserves			
Called up share capital	(14)	1,600	1,600
Share premium account	(15)	1,308	1,308
Profit and loss account	(15)	7,236	5,099
		<u>10,144</u>	<u>8,007</u>

The financial statements were approved by the Board of Directors on 28th December, 1989.

  
Directors

The accounting policies and notes on pages 14 and 15, and 20 to 26 form part of these financial statements.



# GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Year ended 30th September,	
	1989 £000	1988 £000
<b>Source of funds</b>		
From operations		
Profit on ordinary activities before taxation	5,212	4,084
Adjustments for items not involving the movement of funds		
Depreciation and amounts written off fixed assets	692	507
Loss on sale of fixed assets	49	5
	<u>741</u>	<u>512</u>
<b>Generated from operations</b>	<b>5,953</b>	<b>4,596</b>
From other sources		
Issue of share capital (net of expenses)	—	472
Tax refund	—	101
Proceeds of disposals of tangible fixed assets	136	21
Lease finance	<u>2,090</u>	<u>78</u>
	<u>2,226</u>	<u>672</u>
	<b>8,179</b>	<b>5,268</b>
<b>Application of funds</b>		
Dividends paid	1,024	343
Tax paid	1,459	612
Purchase of tangible fixed assets	4,037	442
Lease and hire purchase payments	500	339
Purchase of goodwill	<u>75</u>	<u>—</u>
	<u>7,095</u>	<u>1,736</u>
<b>Net inflow of funds</b>	<b>1,084</b>	<b>3,532</b>
<b>Increases/(decreases) in working capital</b>		
Debtors	3,450	1,088
Creditors: amounts falling due within one year	(6,793)	(8,207)
	<u>(3,343)</u>	<u>(7,119)</u>
<b>Net liquid funds</b>		
Cash at bank and in hand	<u>4,427</u>	<u>10,651</u>
<b>Net increase in working capital</b>	<b>1,084</b>	<b>3,532</b>

## NOTES TO THE FINANCIAL STATEMENTS

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

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

The whole of the turnover derives from the United Kingdom.

Profit on ordinary activities is stated after charging:

	1989 £000	1988 £000
Finance lease interest	64	45
Leasing of vehicles	97	32
Auditors' remuneration	37	30
Depreciation of tangible fixed assets		
—owned	476	280
—held under finance leases	216	227
	<u>727</u>	<u>574</u>

### 2. Interest receivable and sundry income

	1989 £000	1988 £000
Bank interest receivable	1,716	577
Sundry income	28	43
	<u>1,744</u>	<u>620</u>

### 3. Directors and employees

	1989 £000	1988 £000
Staff costs during the year:		
Wages and salaries	3,486	2,760
Social security costs	287	239
Other pension costs	68	64
	<u>3,841</u>	<u>3,063</u>

The average number of employees during the year was 389 (1988—310).

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Remuneration in respect of the Directors was payable as follows:

	1989 £000	1988 £000
Directors' management remuneration	<u>474</u>	<u>389</u>

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

	1989 £000	1988 £000
The Chairman and the highest paid director	<u>128</u>	<u>108</u>

### Other Directors

	1989 Number	1988 Number
£5,001—£10,000	1	—
£10,001—£15,000	—	1
£15,001—£20,000	1	1
£35,001—£40,000	—	1
£70,001—£75,000	—	1
£75,001—£80,000	1	—
£85,001—£90,000	1	—
£100,001—£105,000	—	1
£115,001—£120,000	1	—

### Higher paid employees

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

	1989 Number	1988 Number
£30,001—£35,000	2	2
£35,001—£40,000	2	1
£40,001—£45,000	1	1
£45,001—£50,000	—	1
£50,001—£55,000	—	2
£55,001—£60,000	1	—
£60,001—£65,000	3	—
£75,001—£80,000	—	2

### Pensions

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

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## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 4. Tax on profit on ordinary activities

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

	1989 £000	1988 £000
U.K. Corporation tax at 35% (1988—35%)	1,403	1,437
Deferred tax	477	(29)
	<u>1,880</u>	<u>1,408</u>
Adjustments in respect of prior year:		
U.K. Corporation tax	36	(94)
Deferred tax	(36)	—
	<u>1,880</u>	<u>1,314</u>

### Income and Corporation Taxes Act 1988

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

### 5. Profit for the financial year

The parent company has taken advantage of Section 228(7) of the Companies Act 1985 and not included its own profit and loss account in these financial statements. The whole of the Group profit arises in the financial statements of the parent company. No subsidiary has traded during the two years ending on 30th September, 1989.

### 6. Dividends

	1989 £000	1988 £000
Ordinary shares:		
Interim dividend paid 1.5p per share (1988—1.35p per share)	240	216
Proposed final dividend of 5.5p per share payable 19th February, 1990 (1988—4.9p per share)	880	784
	<u>1,120</u>	<u>1,000</u>

### 7. Earnings per share

The calculation of earnings per share is based on the profit on ordinary activities for the year after taxation of £3,332,000 (1988—£2,770,000) and on 16,000,162 Ordinary Shares of 10p each, being the weighted average number of shares in issue during the year ended 30th September, 1989 (1988—15,895,833 Ordinary Shares).





## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 8. 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, 1988	2,727	205	2,242	280
Additions	4,037	175	3,745	117
	6,764	380	5,987	397
Disposals	511	11	386	114
At 30th September, 1989	6,253	369	5,601	283
<b>Depreciation</b>				
At 1st October, 1988	934	47	787	100
Provided in year	692	38	614	40
	1,626	85	1,401	140
Attributable to disposals	326	4	282	40
At 30th September, 1989	1,300	81	1,119	100
Net book value at 30th September, 1989	4,953	288	4,482	183
Net book value at 30th September, 1988	1,793	158	1,455	180

The net book value of fixed assets of £4,953,000 includes an amount of £2,103,000 in respect of assets held under finance leases on which depreciation of £216,000 has been provided in the year.

### 9. Fixed asset investments

#### The Company:

Shares in  
subsidiary  
companies  
£000

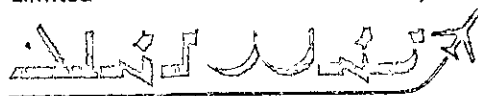
Cost and net book value

At 1st October, 1988 and 30th September, 1989

27

At 30th September, 1989 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
Airtours Publicity Limited	Ordinary	100%	Dormant
Sunsales Limited	Ordinary	100%	Dormant
Airtours Vacations Limited	Ordinary	100%	Dormant
Carousel Holidays Limited	Ordinary	100%	Dormant
Skyseats Limited	Ordinary	100%	Dormant
Skitours Limited	Ordinary	100%	Dormant
Ski America Limited	Ordinary	100%	Dormant
Ski Canada Limited	Ordinary	100%	Dormant
The Cottage Directory Limited	Ordinary	100%	Dormant



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 10. Debtors

	<i>The Group and the Company</i>	
	1989 £000	1988 £000
Amounts falling due within one year:		
Trade debtors	2,234	1,606
Other debtors	2,008	650
Deposits and prepayments	9,550	8,086
Advance corporation tax recoverable	—	255
	<u>13,792</u>	<u>10,597</u>

Included in Other debtors is an amount of £94,000 in respect of an interest free bridging loan due from a newly appointed officer of the Company.

### 11. Creditors: amounts falling due within one year

	<i>The Group and the Company</i>	
	1989 £000	1988 £000
Trade creditors	6,405	4,866
Current taxation	2,963	3,023
Social security and other taxes	93	77
Other creditors	3,826	1,241
Proposed dividends	880	784
Accruals	156	209
Amounts due under finance leases (net of finance charges allocated to future periods)	656	314
Revenue received in advance	12,352	9,354
	<u>27,331</u>	<u>19,868</u>

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

	<i>The Group</i>		<i>The Company</i>	
	1989 £000	1988 £000	1989 £000	1988 £000
Amounts owed to Group companies	—	—	53	53
Amounts due under finance leases (net of finance charges allocated to future periods)	<u>1,101</u>	<u>145</u>	<u>1,101</u>	<u>145</u>
	<u>1,101</u>	<u>145</u>	<u>1,154</u>	<u>198</u>

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

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 13. Provisions for liabilities

Deferred taxation	1989 £000
The Group and the Company	
At 1st October, 1988	—
Charged during the year	441
Advance corporation tax on proposed dividend	(215)
At 30th September, 1989	<u>226</u>

Deferred taxation provided in the financial statements and the total potential liability is set out below:

	1989 £000	1988 £000
The Group and the Company		
Accelerated capital allowances	141	78
Short term timing differences	378	—
Less: Advance corporation tax	(293)	(78)
	<u>226</u>	<u>—</u>

### 14. Called up share capital

	1989 £000	1988 £000
Authorised		
22,000,000 Ordinary Shares of 10p each	<u>2,200</u>	<u>2,200</u>
Allotted, called up and fully paid		
16,000,325 Ordinary Shares of 10p each		
(1988—16,000,000 Ordinary Shares of 10p each)	<u>1,600</u>	<u>1,600</u>

#### Warrants in issue:

Details of the Warrants still in issue:—

	Option Price	1989	1988
Number of Ordinary Share warrants	200p	1,324,675	1,325,000

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

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

The Company has granted options to certain Directors and employees under the Employee Share Option Scheme as follows:—

Number of Ordinary Shares	Option Price	Date of Grant
570,000	25p	28th February, 1987
125,000	103p	4th July, 1988
30,000	146p	24th January, 1989

The options are normally exercisable during the period between 3 and 10 years following the date of grant.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 15. Share premium account and reserves

	Share premium account	Profit and loss account
<b>The Group</b>	£000	£000
At 1st October, 1988	1,308	5,125
Retained profit for the year	—	2,212
Goodwill written off	—	(75)
At 30th September, 1989	<u>1,308</u>	<u>7,262</u>
<b>The Company</b>		
At 1st October, 1988	1,308	5,099
Retained profit for the year	—	2,212
Goodwill written off	—	(75)
At 30th September, 1989	<u>1,308</u>	<u>7,236</u>

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, 1989 there were contingent liabilities under counter indemnities given to the Group's Bankers in the normal course of business in respect of ABTA bonds and other guarantees amounting to £15,543,000 (1988—£13,448,000).

### 17. Capital commitments

Authorised by the Board at 30th September, 1989 but not contracted for: £nil (1988—£105,000).

Other than the above, neither the Group nor the Company had any capital commitments at 30th September, 1989 or 30th September, 1988.

## AUDITORS' REPORT

### TO THE MEMBERS OF AIRTOURS PLC

We have audited the financial statements on pages 14 to 26 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Group and the Company at 30th September, 1989, 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.

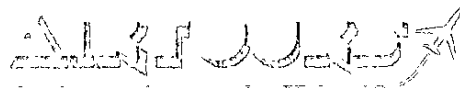
28th December, 1989  
MANCHESTER

*Grant Thornton*



## FIVE YEAR SUMMARY

	1989	1988	1987	1986	1985
	£000	£000	£000	£000	£000
<b>Turnover</b>					
Continuing activities	155,637	102,508	68,313	54,978	28,929
Discontinued activities	—	—	—	11,197	7,410
	<u>155,637</u>	<u>102,508</u>	<u>68,313</u>	<u>66,175</u>	<u>36,339</u>
 <b>Profit/(Loss) on ordinary activities before tax</b>					
Continuing activities	5,212	4,084	2,031	2,485	2,126
Discontinued activities	—	—	—	(459)	(341)
	<u>5,212</u>	<u>4,084</u>	<u>2,031</u>	<u>2,026</u>	<u>1,785</u>
<b>Tax</b>	<u>1,880</u>	<u>1,314</u>	<u>716</u>	<u>747</u>	<u>846</u>
 <b>Profit on ordinary activities after tax</b>	<u>3,332</u>	<u>2,770</u>	<u>1,315</u>	<u>1,279</u>	<u>939</u>
Extraordinary item	—	—	1,275	—	—
<b>Profit for the financial year</b>	<u>3,332</u>	<u>2,770</u>	<u>2,590</u>	<u>1,279</u>	<u>939</u>
<b>Dividends</b>	<u>1,120</u>	<u>1,000</u>	<u>127</u>	<u>315</u>	<u>158</u>
<b>Profit retained</b>	<u>2,212</u>	<u>1,770</u>	<u>2,463</u>	<u>964</u>	<u>781</u>
<b>Net assets</b>	<u>10,170</u>	<u>8,033</u>	<u>5,791</u>	<u>2,399</u>	<u>1,435</u>
 <b>Earnings per share</b>	pence <u>20.82</u>	pence <u>17.43</u>	pence <u>8.55</u>	pence <u>8.53</u>	pence <u>6.26</u>
<b>Net assets per share</b>	<u>63.56</u>	<u>50.21</u>	<u>36.77</u>	<u>16.00</u>	<u>9.57</u>



## NOTICE OF MEETING

Notice is hereby given that the 1990 Annual General Meeting of the Company will be held at The Stanneylands Hotel, Wilmslow, Cheshire on Thursday, 25th January, 1990 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, 1989.
2. To declare a final dividend.
3. To re-elect as a Director of the Company Mr E. F. Sanderson who retires as a Director by rotation.
4. To re-elect as a Director of the Company Mr T. Trickett who retires as a Director by rotation.
5. To re-appoint the auditors.
6. To authorise the Directors to fix the remuneration of the auditors.
7. As special business, to consider and, if thought fit, pass the following resolution which will be proposed as an Ordinary Resolution.  
That, subject to the receipt of all necessary approvals from the Board of Inland Revenue, the Directors be authorised to amend the rules of the Airtours plc Share Option Scheme (1986) in the manner and for the purposes described in the Chairman's letter to shareholders of the Company dated 28th December, 1989 and to do all such acts and things as may be necessary to carry the same into effect.
8. To transact any other ordinary business.
9. As special business, to consider and, if thought fit, pass the following resolution which will be proposed as a Special Resolution.

### THAT:

- (a) the Directors be, and are hereby empowered pursuant to Section 95(1) of the Companies Act 1985 until the next Annual General Meeting of the Company (or, if sooner, until the expiry of fifteen months after the passing of this Resolution) to allot equity securities (as defined by Section 94(2) of that Act) pursuant to the general authority conferred on the Directors on 28th January, 1988 in accordance with Section 80 of that Act as if Section 89(1) of that Act did not apply to the statement; provided that the power conferred by this Resolution shall be limited to:—
  - (i) such exclusions or other arrangements as the Directors of the Company may consider appropriate to resolve any legal or practical problems arising in connection with the allotment of equity securities by way of rights to holders of Ordinary shares where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them.
  - (ii) the allotment (otherwise than pursuant to (i) above) of equity securities up to an aggregate nominal amount of £80,000 (being 5% of the aggregate nominal value of the Company's existing issued equity share capital); and
- (b) the Company may at any time prior to the expiration of the power conferred by this Resolution make an offer or agreement which would or might require equity securities to be allotted pursuant thereto after the expiration of such authority.

By Order of the Board

*T.S. Betts*  
Secretary

28th December, 1989.

### 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 25th January, 1990. Subject to the approval of the Annual General Meeting, dividends' warrants will be posted on 18th February, 1990.
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 28th December, 1989 until the conclusion of the Annual General Meeting.





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