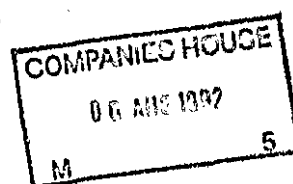


SAGA GROUP LIMITED
ANNUAL REPORT AND ACCOUNTS

31 JANUARY 1992



Company Registration Number: 638891

SAGA GROUP LIMITED

Directors' Report

Directors R M De Haan (Chairman)
 T B Bull
 A R Deacon
 P C De Haan
 M E Hatch

Secretary P C De Haan

Registered Office: The Saga Building, Middelburg Square, Folkestone, Kent CT20 1AZ

The directors submit their report together with the audited accounts of the Group for the 12 months ended 31 January 1992.

Principal activities and review of business developments

The principal activities of the Group consist of provision of tour operations and financial and other services to the over-60's age group.

In view of the effects of the Gulf War on tourism throughout the world, the directors consider that the performance of the group's tour operating divisions was satisfactory. Saga Services Limited, the group's financial services arm, had another year of substantial growth.

Subsequent events and future developments

The directors anticipate that 1992/93 will see a continuation of the Group's long term strategy of developing and diversifying its activities.

Results and dividends

The profit for the year before taxation amounts to £3,930,000. After taxation an amount of £2,452,000 has been transferred to reserves. The directors do not propose a dividend.

Directors

The directors of the company during the year were those listed above.

R M De Haan and A R Deacon retire by rotation and, being eligible, offer themselves for re-election.

Directors' Interests

As Messrs R M De Haan, A R Deacon, P C De Haan and M E Hatch are directors of the ultimate holding company, their interests are set out in the accounts of that company. T B Bull has no interest in the shares of the company or the ultimate holding company.

It is the company's policy to maintain indemnity insurance for directors and officers.

Donations

During the year charitable donations in the UK amounted to £12,000. No political donations were made.

Employee involvement

During the year the Group has maintained the practice of keeping employees informed about current activities and progress by various methods. Employee participation and involvement is encouraged.

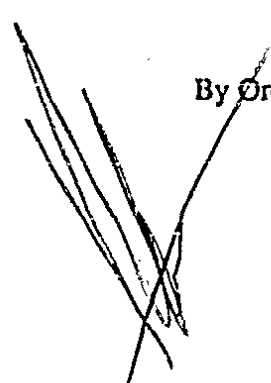
Employment of disabled persons

It is the policy of the Company to develop a working environment and to offer terms and conditions of service to enable disabled persons, with the appropriate skills and qualifications, equal opportunities to seek and maintain employment with the Company. We shall retain in employment, whenever practicable, employees who become disabled and in line with our general Company policy we shall give all such employees equal consideration for training and career development to enable them to fulfil their promotion potential within the Group.

Auditors

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

The Saga Building
Middelburg Square
Folkestone, Kent



By Order of the Board

Peter De Haan
Secretary

5th May 1992

Consolidated profit and loss account

For the year ended 31 January 1992

	Note	1992 £'000	1991 £'000
Turnover	2	111,046	127,348
Cost of sales		(85,777)	(100,429)
Gross profit		<u>25,269</u>	<u>26,919</u>
Administrative and marketing expenses		(23,935)	(28,221)
Net investment income	4	<u>2,696</u>	<u>3,727</u>
Profit on ordinary activities before exceptional items and taxation		4,030	2,425
Management charge from parent company		(100)	(4,500)
Profit/(loss) on ordinary activities before taxation	5	3,930	(2,075)
Taxation	9	<u>(1,478)</u>	<u>859</u>
Profit/(loss) on ordinary activities after taxation before extraordinary items	10	2,452	(1,216)
Extraordinary items	11	-	(822)
Profit/(loss) for the financial year		<u>2,452</u>	<u>(2,038)</u>
Dividends		-	(5,000)
Retained profit/(loss) for the year	25	<u>2,452</u>	<u>(7,038)</u>

Consolidated Balance Sheet

As at 31 January 1992

	Note	31st January 1992 £'000	31st January 1991 £'000
Fixed assets			
Tangible assets	12	8,925	9,575
Current assets			
Investments	14	33,126	23,867
Stock	15	2,952	4,249
Debtors	16	11,026	8,036
Deferred expenditure		6,150	5,248
Cash at bank and in hand		369	131
		<u>53,623</u>	<u>41,531</u>
Creditors			
- amounts falling due within one year	17	46,928	33,851
Net current assets		<u>6,695</u>	<u>7,680</u>
Total assets less current liabilities		<u>15,620</u>	<u>17,255</u>
Creditors			
- amounts falling due after more than one year	18	1,030	5,373
Provisions for liabilities and charges	20	<u>241</u>	<u>219</u>
		<u>14,349</u>	<u>11,663</u>
Capital and reserves			
Called up share capital	22	3,617	3,617
Share premium account	23	84	84
Revaluation reserve	24	3,947	4,029
Profit and loss account	25	6,701	3,933
		<u>14,349</u>	<u>11,663</u>

R M De Haan

P C De Haan
5th May 1992

)
) Directors
)

**Source and Application of funds
for the year ended 31 January 1992**

	1992		1991	
Source of funds	£000	£000	£000	£000
Profit/(loss) before tax and extraordinary items		3,930		(2,075)
Extraordinary item		-		(322)
		<u>3,930</u>		<u>(2,397)</u>
Adjustments for items not involving movement of funds:				
Depreciation of tangible fixed assets	1,393		1,708	
Amortisation of intangible fixed assets	-		302	
Exchange adjustments	53		157	
Goodwill written off	(78)		(10)	
Loss/(Gain) on sale of fixed assets	<u>5</u>		<u>(1)</u>	
		<u>1,373</u>		<u>2,156</u>
Generated/(absorbed) by operations		<u>5,303</u>		<u>(241)</u>
Funds from other sources				
Issue of shares			-	
Proceeds from sale of fixed assets	21		302	
Taxation refunded	314		-	
Leasing finance	-		505	
Bank loan	<u>-</u>		<u>2,600</u>	
		<u>335</u>		<u>3,407</u>
		<u>5,638</u>		<u>3,166</u>
Application of funds				
Dividends paid	-		5,000	
Taxation paid	1,002		1,318	
Acquisition of tangible fixed assets	702		810	
Finance leasing repaid	<u>343</u>		<u>-</u>	
		<u>2,047</u>		<u>7,128</u>
Increase/(decrease) in working capital		<u>3,591</u>		<u>(3,962)</u>
Arising from movement in:				
Investments		9,259		(8,540)
Stock		(1,297)		2,682
Debtors		3,339		(1,751)
Deferred expenditure		902		(341)
Advance receipts		(5,897)		8,352
Creditors		(1,997)		(3,824)
Net liquid funds		<u>(718)</u>		<u>(540)</u>
		<u>3,591</u>		<u>(3,962)</u>

Company Balance Sheet

As at 31 January 1992

	Note	31st January 1992 £'000	31st January 1991 £'000
Fixed assets			
Tangible assets	12	8,067	8,461
Investment in subsidiaries	13	8,685	7,040
		<u>16,752</u>	<u>15,501</u>
Current assets			
Investments	14	4,000	6,800
Debtors	16	3,844	1,587
Deferred expenditure		972	822
		<u>8,816</u>	<u>9,209</u>
Creditors - amounts falling due within one year	17	10,128	11,764
Net current liabilities		(1,312)	(2,555)
Total assets less current liabilities		<u>15,440</u>	<u>12,946</u>
Creditors - amounts falling due after more than one year	18	911	1,214
Provisions for liabilities and charges	20	180	144
		<u>14,349</u>	<u>11,588</u>
Capital and reserves			
Called up share capital	22	3,617	3,617
Share premium account	23	84	84
Revaluation reserve	24	5,568	5,650
Profit and loss account	25	5,080	2,237
		<u>14,349</u>	<u>11,588</u>

R M De Haan

) Directors

P C De Haan

5th May 1992

Notes on the Accounts

1 Accounting Policies

a Accounting convention

The accounts are prepared under the historical cost convention, modified by the revaluation of certain freehold properties and investments in subsidiaries, and in accordance with applicable accounting standards.

b Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and each of its subsidiaries for the year ended 31 January 1992.

c Accounting for subsidiary companies

The Company adopts the equity method of accounting for the results of its subsidiaries.

d Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less amounts written off. The cost or valuation of fixed assets is depreciated by equal instalments over their expected useful lives. The rates of depreciation are as follows:

Land and buildings	
Land	nil
Buildings	2% per annum
Related fittings	10% per annum
Leasehold properties	over the period of the lease
Computers	
Hardware and software	20% to 33 1/3% per annum
Plant and other equipment	10% to 20% per annum
Motor vehicles	20% per annum

Computer development costs are capitalised and are depreciated at between 20% and 33 1/3% per annum from the time that the particular development becomes fully functional

e Leased assets

Assets held under finance lease arrangements are capitalised and depreciated over their useful lives. The capital element of the related rental obligation is included in creditors. The interest element of rental obligations is charged to profit and loss

f Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises land purchases, building costs and a portion of applicable overhead costs and interest on external borrowings.

Notes on the Accounts continued

g Advance receipts

All booking fees and balance payments for holidays with starting dates after the year end and insurance premiums received which relate to insurance policies issued after the year end, are treated as receipts in advance at the balance sheet date and are separately disclosed within creditors.

h Deferred expenditure

Expenditure on brochures, advertising and promotional initiatives, which relates to the following year's trading is carried forward at the balance sheet date so that this expenditure is matched with the relevant year's income.

i Deferred taxation

Provision is made for deferred taxation, using the liability method on all material timing differences which are not expected to continue in the foreseeable future.

j Foreign currencies

Exchange differences arising in respect of revenue transactions for the year are included in the profit and loss account. Assets and liabilities existing at balance sheet date are translated at year end rates except where covered by forward contracts where the contract rate is used.

The accounts of overseas subsidiaries have been translated using the net investment method. Under the net investment method the balance sheets have been translated at year end rates and the profit and loss accounts at weighted average rates for the year except where the net results are covered by forward exchange contracts. Resultant translation differences are taken to reserves and are matched with realised profits or losses arising from forward foreign currency contracts entered into to provide a currency hedge against the effect of changes in the rates of exchange on the value of the net investment in the overseas subsidiaries.

k Goodwill

Goodwill which is established as a result of a purchase of a business is either written off to reserves or amortised in accordance with the directors' best estimate of its useful economic life.

l Pension benefits

Annual contributions are made to the UK defined benefit pension scheme on the advice of actuaries for funding of retirement benefits in order to build up reserves for participating employees during the employee's working life to pay to the employee or dependent a pension after retirement. The costs of providing these benefits are charged to the profit and loss account on a regular basis. Overseas subsidiaries make provisions for pensions in accordance with local law and practice.

2 Turnover

Turnover comprises sales to third parties net of value added tax and commissions receivable from insurers.

Notes on the Accounts continued

3 Analysis of turnover and profits/(losses)

	Turnover		Contributions to profit/(loss)	
	1992	1991	1992	1991
	£000	£000	£000	£000
Tour operations and other services	111,046	127,348	4,030	2,425
Management fee from parent company	-	-	(100)	(4,500)
	<u>111,046</u>	<u>127,348</u>	<u>3,930</u>	<u>(2,075)</u>
United Kingdom	77,611	77,950		
United States	31,598	46,812		
Australia	1,837	2,586		
	<u>111,046</u>	<u>127,348</u>		

The accounts do not contain details of turnover, profits and losses and net operating assets by business segment and profit and net assets by geographical area as in the opinion of the Directors, disclosure of such information would be seriously prejudicial to the interests of the Group.

4 Net investment income

	1992	1991
	£000	£000
Interest on deposits	3,373	4,864
Other investment income	10	20
Interest received from holding company	200	-
	<u>3,583</u>	<u>4,884</u>
Bank and other interest payable	(275)	-
- Housing loans	(14)	(134)
- Other	(419)	(658)
Prompt payment discounts allowed to customers	-	(135)
Interest payable to holding company	(179)	(230)
Finance lease interest	<u>2,696</u>	<u>3,727</u>
Loans for developments		
Interest payable in year	261	432
Interest payable in stock brought forward	285	70
Interest payable in stock carried forward	-	(285)
Interest payable in cost of sales	<u>549</u>	<u>217</u>

Notes on the Accounts continued

5 Profit/(loss) before taxation is stated after charging	1992 £'000	1991 £'000
Depreciation and amortisation		
Tangible fixed assets	1,393	1,708
Intangible fixed assets	-	302
Hire of equipment	200	53
Auditors' remuneration	85	99
Emoluments of directors of the Company (Note 6)	433	726
Property lease charges	521	515

6 Emoluments of directors	1992 £'000	1991 £'000
Directors		
Fees	48	56
Remuneration	321	518
Pensions to former directors	64	58
Compensation for loss of office	-	94
	433	726

The emoluments, excluding pension contributions, of directors of the Company who discharged their duties mainly in the United Kingdom were:

	1992 £127,107	1991 £126,494
Chairman and highest paid director		
	Number	Number

Other directors in scale:

£ 15,001 to £ 20,000	1	1
£ 25,001 to £ 30,000	1	1
£ 75,001 to £ 80,000	1	-
£ 90,001 to £ 95,000	1	1
£105,001 to £110,000	-	1

7 Staff costs	1992 £'000	1991 £'000
Wages and salaries	8,972	10,556
Social security costs	636	783
Other pension costs	273	534
	9,881	11,873
Average number of persons employed	856	922

Notes on the Accounts continued

8 Pension costs

The Group operates a defined benefit pension scheme in the UK and a defined contribution scheme overseas. The pension cost in the UK was £228,000 and £90,000 overseas.

In the UK an actuarial valuation of assets and liabilities of the scheme is carried out triennially by external professional actuaries to determine the financial position of the scheme and to enable the Group to determine the contributions to be made to the scheme.

The most recent valuation was conducted as at 1 December 1991 at which date the market value of the scheme assets was £3,100,000. This valuation was prepared using the projected unit credit method and showed that the level of funding was 83%. The actuaries recommended future contributions of 14% of pensionable salary of which 1.4% represents the amount expected to be necessary to achieve a funding level of 100%. The main financial assumptions used in the valuation were that the rate of return on the investments be 10% per annum, that the rate of salary growth be 8% per annum and that the guaranteed rate of pension increase be 3% per annum.

The actuaries also confirmed that, on the basis of the actuarial assumptions and methods used, the scheme's assets at 1 December 1991 fully covered its liabilities based on the current salary levels and service to the valuation date.

9 Tax on profit/(loss) on ordinary activities

	1992 £'000	1991 £'000
The charge/(credit) based on the profit/(loss) for the year comprises:		
UK corporation tax @ 33.167% (1991 - 35%)	448	(328)
Group relief @ 33.167% (1991 - 35%)	1,002	(114)
Overseas taxes	44	269
Tax on franked investment income	-	3
Adjustments relating to prior years	(32)	(6)
	<u>1,462</u>	<u>(176)</u>
Deferred tax - current year	(103)	(683)
- prior year	121	-
	<u>1,478</u>	<u>(859)</u>

10 Profit for the financial year

Of the profit for the financial year, £2,527,000 (1991 £2,113,000 loss) has been dealt within the accounts of the Company. The directors have taken advantage of the exemption given by the Companies Act 1985 Section 230 in not separately publishing a Company Profit and Loss Account.

11 Extraordinary items

	1992 £'000	1991 £'000
Costs relating to acquisition of company by Saga Leisure Ltd	-	(322)
Tax provision relating to prior period	-	(500)
	<u>-</u>	<u>(822)</u>

Notes on the Accounts continued
12 Tangible fixed assets

	Land and Buildings £'000	Computers £'000	Plant and other equipment £'000	Motor Vehicles £'000	Total £'000
Group					
Cost or valuation:					
At 31 January 1991:	6,999	5,681	2,331	160	15,171
Exchange adjustments	12	152	41	1	206
Additions	1	518	183	-	702
Disposals	-	(67)	(4)	(81)	(152)
At 31 January 1992	7,012	6,284	2,551	80	15,927
Depreciation:					
At 31 January 1991:	646	3,555	1,298	97	5,596
Exchange adjustments	8	104	26	1	139
Charge for year	212	876	283	22	1,393
Disposals	-	(64)	(3)	(59)	(126)
At 31 January 1992	866	4,471	1,604	61	7,002
Net book amounts					
At 31 January 1992	6,146	1,813	947	19	8,925
Net book amounts					
At 31 January 1991	6,353	2,126	1,033	63	9,575
Company					
Cost or valuation:					
At 31 January 1991	6,877	4,044	1,652	97	12,670
Additions	-	460	136	-	596
Disposals	-	-	(3)	(64)	(67)
At 31 January 1992	6,877	4,504	1,785	33	13,199
Depreciation:					
At 31 January 1991	568	2,586	987	68	4,209
Charge for year	194	586	185	10	975
Disposals	-	-	(2)	(50)	(52)
At 31 January 1992	762	3,172	1,170	28	5,132
Net book amounts					
At 31 January 1992	6,115	1,332	615	5	8,067
Net book amounts					
At 31 January 1991	6,309	1,458	665	29	8,461

Land and buildings consists of freehold properties and short leasehold properties. Short leasehold comprises cost of £210,129 and accumulated depreciation of £179,234 at 31 January 1992.

Included in land and buildings is an amount in respect of land, with an original cost of £950,000, which is not depreciated.

Notes on the Accounts continued

As at 31 January 1992 the directors have contracted for no future capital expenditure (1991 - £nil) and have authorised, but not contracted for, future capital expenditure amounting to £320,000 (1991 - £515,000).

On 5 April, 1990 The Saga Building, one of the company's freehold properties, was revalued at £5,300,000 by a firm of Chartered Surveyors on an open market existing use basis. Depreciation on the revaluation uplift amounted to £82,080 during the year.

With the exception of certain land and buildings, all tangible fixed assets are stated at historic cost. The historic cost of land and buildings is as follows:

	Group £'000	Company £'000
Cost	2,908	2,773
Aggregate depreciation	<u>709</u>	<u>605</u>
Net book amount 31 January 1992	<u>2,199</u>	<u>2,168</u>
Net book amount 31 January 1991	<u>2,324</u>	<u>2,280</u>

The net book amount of tangible fixed assets includes £691,000 (1991 - £1,166,000) for the Group and £574,000 for the Company (1991 - £1,009,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £475,000 (1991 - £439,000) for the Group and £435,000 for the Company (1991 £397,000).

	1992 £'000	1991 £'000
13 Investment in Subsidiary Undertakings		
Cost		
At 31 January 1991	4,203	3,193
Additions	<u>1,078</u>	<u>1,010</u>
	5,281	4,203
Revaluation		
Balance brought forward	2,837	2,861
Adjustments for the year	<u>567</u>	<u>(24)</u>
	3,404	2,837
Net book amount at 31 January 1992	<u>8,685</u>	<u>7,040</u>

Notes on the Accounts continued

Main operating subsidiary undertakings of Saga Group Limited all of which are wholly owned:

	Country of incorporation or registration	Nature of Business
Saga Holidays Limited	England	Tour operating
Inter-Church Travel Limited	England	Tour operating
Saga Publishing Limited	England	Publishing
Saga Services Limited	England	Financial services
Saga Housing Limited	England	Retirement housing
MetroMail Limited	England	Mailing house
Saga International Holidays Limited	USA	Tour operating
Saga Holidays (Australasia) Pty Limited	Australia	Tour operating

14 Current asset investments

	31st January 1992		31st January 1991	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Deposits with banks and local authorities	33,126	4,000	23,867	6,800

Deposits amounting to £3,618,000 (1991 - £7,527,000) have maturity dates in excess of one year.

Although these investments could be realised at short notice it is anticipated that they will be held until maturity.

15 Stock	1992	1991
	£'000	£'000
Stock	2,952	4,249

Stock comprises completed housing units held for resale and land held for development, and includes interest on external borrowings of £NIL (1991 £285,373).

16 Debtors

	31st January 1992		31st January 1991	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Trade debtors	2,962	15	1,892	53
Due from holding company	3,167	3,167	460	-
Other debtors	1,147	267	2,231	517
Prepayments	3,229	188	2,583	616
Taxation recoverable	521	207	870	401
	11,026	3,844	8,036	1,587

Notes on the Accounts continued

17 Creditors

	31st January 1992		31st January 1991	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Bank overdraft	1,390	848	434	57
Advance receipts	22,689	-	16,792	-
Trade creditors	12,004	1,044	8,782	528
Due to subsidiary undertakings	-	6,470	-	7,027
Due to holding company	-	-	1,921	1,921
Corporate taxation	1,422	767	1,195	1,004
Other taxation and social security	276	-	322	-
Other creditors	956	107	1,488	419
Accruals and deferred income	3,848	589	2,574	505
Leasing	343	303	343	303
Bank loan	4,000	-	-	-
	<u>46,928</u>	<u>10,128</u>	<u>33,851</u>	<u>11,764</u>

18 Long term creditors

	31st January 1992		31st January 1991	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Bank loan (due within 1 to 2 years)	-	-	4,000	-
Leasing	1,030	911	1,373	1,214
	<u>1,030</u>	<u>911</u>	<u>5,373</u>	<u>1,214</u>

19 Obligations under finance leases

The capital amounts due under finance lease obligations are as follows:

	31st January 1992		31st January 1991	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Within one year	343	303	343	303
Within two to five years	1,030	911	1,373	1,214
	<u>1,373</u>	<u>1,214</u>	<u>1,716</u>	<u>1,517</u>

Notes on the Accounts continued

20 Provision for liabilities and charges

	31st January 1992	
	Group £'000	Company £'000
Deferred taxation		
Balance at 31 January 1991	219	144
Charge for the year	16	36
Exchange adjustment	6	-
Balance at 31 January 1992	<u>241</u>	<u>180</u>

The major components of the provision for deferred taxation are:

	31st January 1992		31st January 1991	
	Group £'000	Company £'000	Group £'000	Company £'000
Accelerated capital allowances	279	218	290	234
Short term timing differences	(38)	(38)	50	31
	<u>241</u>	<u>180</u>	<u>340</u>	<u>265</u>
Loss offset	-	-	(121)	(121)
	<u>241</u>	<u>180</u>	<u>219</u>	<u>144</u>

At 31 January 1992 the full potential liability for deferred tax of the Group was £381,000 (1991 - £426,000) and of the Company £213,000 (1991 - £179,000).

The above figures exclude deferred tax on capital gains which would arise if freehold properties or investments in subsidiaries were sold at their revalued amounts as it is the intention that such assets will be retained for use in the business.

21 Lease commitments

Operating leases

The annual commitment under non-cancellable operating leases in respect of land and buildings is as follows:

	31st January 1992		31st January 1991	
	Group £'000	Company £'000	Group £'000	Company £'000
Leases expiring:				
Within 1 year	12	-	17	-
Within 2 to 5 years	378	-	311	-
Thereafter	136	52	136	52
	<u>526</u>	<u>52</u>	<u>464</u>	<u>52</u>

Notes on the Accounts continued

22 Called up share capital	31st January 1992 £'000	31st January 1991 £'000
Authorised 27,000,000 Ordinary shares of 20p each	<u>5,400</u>	<u>5,400</u>
Allotted and fully paid 18,086,076 Ordinary shares of 20p each	<u>3,617</u>	<u>3,617</u>

23 Share premium account	31st January 1992 £'000	31st January 1991 £'000
Premium on shares issued	<u>84</u>	<u>84</u>

24 Revaluation reserve	31st January 1992		31st January 1991	
	Group £'000	Company £'000	Group £'000	Company £'000
At 31 January 1991	4,029	5,650	0	1,621
Arising on property revaluation	-	-	4,104	4,104
Transfer to profit and loss	(82)	(82)	(75)	(75)
At 31 January 1992	<u>3,947</u>	<u>5,568</u>	<u>4,029</u>	<u>5,650</u>

25 Profit and loss account	31st January 1992		31st January 1991	
	Group £'000	Company £'000	Group £'000	Company £'000
At 31 January 1991	3,933	2,237	10,956	9,369
Profit/(loss) for the year	2,452	2,527	(7,038)	(7,113)
Exchange adjustments				
Unrealised translation gain/(loss)	170	170	(286)	(320)
Realised gain	142	142	236	236
Goodwill written off	(78)	(78)	(10)	(10)
Transfer from revaluation reserve	82	82	75	75
At 31 January 1992	<u>6,701</u>	<u>5,080</u>	<u>3,933</u>	<u>2,237</u>

£4,048,000 of the company's profit and loss account is not distributable. The cumulative amount of goodwill written off at 31 January 1992 is £155,000 (1991 - £77,000).

Notes on the Accounts continued

26 Contingent liabilities

At 31 January 1992 there were contingent liabilities under counter indemnities given to the Company's bankers in respect of the ABTA bond and other guarantees amounting to £8,740,000 (1991 - £8,242,000).

The assets of the company and certain of its subsidiaries (excluding all tour operating companies) are subject to a fixed and floating charge in favour of the principal bankers of Saga Leisure Limited. These companies are also party to a cross-guarantee granted by Saga Leisure Limited to its principal bankers to an amount of £15,250,000 (1991 £17,500,000).

The company has entered into a cross guarantee in respect of a loan of a subsidiary company amounting to £4,000,000.

27 Ultimate holding company

The ultimate holding company is Saga Leisure Limited which is incorporated in Great Britain. The accounts of the company have been included in the consolidated accounts of Saga Leisure Limited.

Report of the Auditors to the Members of Saga Group Limited

We have audited the accounts on pages 3 to 18 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31 January 1992 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.

Ernst Young

Ernst & Young

Chartered Accountants
Registered Auditor

London
5th May 1992