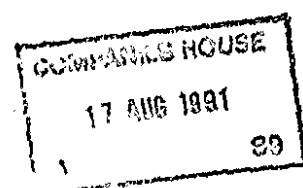


SAGA GROUP LIMITED
ANNUAL REPORT AND ACCOUNTS

31 JANUARY 1991



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

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 1991.

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.

With effect from 23 February 1990, the whole of the share capital of the company was acquired by Saga Leisure Limited. As a result, the company cancelled its Listing on the International Stock Exchange.

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 were 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 1991/92 will see a continuation of the Group's long term strategy of developing and diversifying its activities.

Results and dividends

The loss for the year attributable to shareholders amounts to £2,038,000 and is dealt with as shown in the consolidated profit and loss account.

The directors propose a dividend of 27.65 pence per share, giving a dividend of £5,000,000.

Directors

The directors of the company during the year were those listed above and J Foster who resigned from the board on 19 October 1990.

T B Bull and M E Hatch 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.

Donations

During the year charitable donations in the UK amounted to £25,000. No political donations were made.

Employee involvement

During the period 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

22 MAY 1991

Consolidated profit and loss account

For the year ended 31 January 1991

	Note	1991 £000	1990 £000
Turnover	2	127,348	104,444
Cost of sales		(100,429)	(79,670)
Gross profit		<u>26,919</u>	<u>24,774</u>
Administrative and marketing expenses		(28,221)	(24,556)
Net investment income	4	<u>3,727</u>	<u>3,812</u>
Profit on ordinary activities before exceptional items and taxation		2,425	4,030
Management charge from parent company		(4,500)	-
Profit/(loss) on ordinary activities before taxation	5	(2,075)	4,030
Taxation	9	<u>859</u>	<u>(1,288)</u>
Profit/(loss) on ordinary activities after taxation before extraordinary items	10	(1,216)	2,742
Extraordinary items	11	(822)	43
Profit/(loss) for the financial period		<u>(2,038)</u>	<u>2,785</u>
Dividends		(5,000)	(416)
Retained profit/(loss) for the period	26	<u>(7,038)</u>	<u>2,369</u>

Consolidated Balance Sheet

As at 31 January 1991

	Note	31 January 1991 £000	31 January 1990 £000
Fixed assets			
Tangible assets	12	9,575	6,766
Intangible assets	13	-	293
		<u>9,575</u>	<u>7,059</u>
Current assets			
Investments	15	23,867	32,407
Stock	16	4,249	1,567
Debtors	17	8,036	9,980
Deferred expenditure		5,248	5,589
Cash at bank and in hand		131	465
		<u>41,531</u>	<u>50,008</u>
Creditors - amounts falling due within one year	18	33,891	38,890
Net current assets		<u>7,640</u>	<u>11,118</u>
Total assets less current liabilities		<u>17,215</u>	<u>18,177</u>
Creditors - amounts falling due after more than one year	19	5,333	2,611
Provisions for liabilities and charges	21	219	909
		<u>11,663</u>	<u>14,657</u>
Capital and reserves			
Called up share capital	23	3,617	3,617
Share premium account	24	84	84
Revaluation reserve	25	4,029	-
Profit and loss account	26	3,933	10,956
		<u>11,663</u>	<u>14,657</u>

R M De Haan

P C De Haan

Directors

22 MAY 1991

Source and Application of Funds

For the year ended 31 January 1991

Source of funds	1991		1990	
	£000	£000	£000	£000
Profit/(loss) before tax and extraordinary items		(2,075)		4,030
Extraordinary item		(322)		(233)
		<u>-----</u>		<u>-----</u>
		(2,397)		3,797
Adjustments for items not involving movement of funds				
Depreciation of tangible fixed assets	1,708		1,421	
Amortisation of intangible fixed assets	302		325	
Exchange adjustments	157		(43)	
Goodwill written off	(10)		(67)	
Gain on sale of fixed assets	(1)		(404)	
	<u>-----</u>		<u>-----</u>	
		2,156		1,232
		<u>-----</u>		<u>-----</u>
Generated/(absorbed) by operations		(241)		5,029
Funds from other sources				
Issue of shares	-		9	
Proceeds from sale of fixed assets	302		484	
Taxation refunded	-		515	
Leasing finance	505		1,211	
Bank loan	2,600		1,400	
	<u>-----</u>		<u>-----</u>	
		3,407		3,619
		<u>-----</u>		<u>-----</u>
		3,166		8,648
Application of funds				
Dividends paid	5,000		1,356	
Taxation paid	1,318		1,561	
Acquisition of tangible fixed assets	810		2,303	
	<u>-----</u>		<u>-----</u>	
		7,128		5,220
		<u>-----</u>		<u>-----</u>
Increase/(decrease) in working capital		(3,962)		3,428
		<u>-----</u>		<u>-----</u>
Arising from movement in				
Investments		(8,540)		3,885
Stock		2,682		1,567
Debtors		(1,751)		2,613
Deferred expenditure		(341)		1,636
Advance receipts		8,352		(5,146)
Creditors		(3,824)		(2,410)
Net liquid funds		(540)		1,283
		<u>-----</u>		<u>-----</u>
		(3,962)		3,428
		<u>-----</u>		<u>-----</u>

Company Balance Sheet

As at 31 January 1991

	Note	31 January 1991 £000	31 January 1990 £000
Fixed assets			
Tangible assets	12	8,461	5,256
Investment in subsidiaries	14	7,040	6,054
		<u>15,501</u>	<u>11,310</u>
Current assets			
Investments	15	6,800	21,170
Debtors	17	1,587	2,148
Deferred expenditure		822	-
		<u>9,209</u>	<u>23,318</u>
Creditors - amounts falling due within one year	18	11,804	18,311
Net current assets/(liabilities)		<u>(2,595)</u>	<u>5,007</u>
Total assets less current liabilities		<u>12,906</u>	<u>16,317</u>
Creditors - amounts falling due after more than one year	19	1,174	1,012
Provisions for liabilities and charges	21	144	614
		<u>11,588</u>	<u>14,691</u>
Capital and reserves			
Called up share capital	23	3,617	3,617
Share premium account	24	84	84
Revaluation reserve	25	5,650	1,621
Profit and loss account	26	2,237	9,369
		<u>11,588</u>	<u>14,691</u>

R M De Haan

P C De Haan

Directors

22 MAY 1991

Notes on the Accounts

1 Accounting Policies

a Accounting convention

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

b Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and each of its subsidiaries for the year ended 31 January 1991.

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 account so as to produce a constant periodic rate of charge. Rentals in respect of operating leases are charged to profit as incurred.

f Intangible fixed assets

Intangible fixed assets comprise the cost of expanding the customer mailing list. These costs are being amortised over the useful life of the additions to the mailing list. On this basis costs are amortised as to 30% in the year of expenditure as to 30%, 30% and 10% in following years. Expenditure on maintaining the group's mailing list at its existing level is written off as incurred.

g Stocks

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

Notes on the Accounts continued

h Advance receipts

All booking fees and balance payments for holidays with starting dates after the period end and insurance premiums received which have not been matched with insurance policies issued are treated as receipts in advance at the balance sheet date and are separately disclosed within creditors.

i 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.

j 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.

k 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.

l 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.

m 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.

Notes on the Accounts continued

3 Analysis of turnover and profits/(losses)

	1991 £000	Turnover 1990 £000	1991 £000	Contributions to profit/(loss) 1990 £000
Tour operations and other services	127,348	104,444	2,425	4,030
Less: management fee from parent company	-	-	(4,500)	-
	127,348	104,444	(2,075)	4,030
United Kingdom	77,950	66,462		
United States	46,812	35,624		
Australia	2,586	2,358		
	127,348	104,444		

The accounts do not contain details of turnover and profit/(loss) by business segment and profit by geographical area as in the opinion of the Directors, disclosure of such information would be prejudicial to the interests of the Group.

4 Net investment income

	1991 £000	1990 £000
Interest on deposits	4,864	4,346
Other investment income	20	83
	4,884	4,429
Bank and other interest payable	(134)	(27)
Prompt payment discounts allowed to customers	(658)	(590)
Interest payable to holding company	(135)	-
Finance lease interest	(230)	-
	3,727	3,812

5 Profit/(loss) before taxation is stated after charging

	1991 £000	1990 £000
Depreciation and amortisation		
Tangible fixed assets	1,708	1,421
Intangible fixed assets	302	325
Hire of equipment	11	42
Auditors' remuneration	99	121
Emoluments of directors of the Company (Note 6)	726	545
Property lease charges	515	422
after crediting:		
Profit on disposal of land and buildings	-	401

Notes on the Accounts continued

6 Emoluments of directors and employees	1991 £000	1990 £000
Directors		
Fees	56	66
Remuneration	518	425
Pensions to former directors	58	54
Compensation for loss of office	94	-
	<u>726</u>	<u>545</u>

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

	1991	1990
Chairman	£126,494	£104,136
	Number	Number
Other directors in scale:		
£ 15,001 to £ 20,000	1	1
£ 20,001 to £ 25,000	-	1
£ 25,001 to £ 30,000	1	-
£ 60,001 to £ 65,000	-	1
£ 80,001 to £ 85,000	-	1
£ 90,001 to £ 95,000	1	-
£105,001 to £110,000	1	-

7 Staff costs	1991 £000	1990 £000
Wages and salaries	9,497	7,522
Social security costs	688	527
Other pension costs	534	373
	<u>10,719</u>	<u>8,422</u>
Average number of persons employed	<u>752</u>	<u>688</u>

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 £338,000 and £196,000 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.

Notes on the Accounts continued

The most recent valuation was conducted as at 1 December 1988 at which date the market value of the scheme assets was £1,600,000. This valuation was prepared using the projected unit credit method and showed that the level of funding was 68%. The actuaries recommended future contributions of 15% of pensionable salary of which 2.5% 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 investments be 10% per annum, that the rate of salary growth be 8% per annum and that the guaranteed rate of pension increase be 5% per annum.

The actuaries also confirmed that, on the basis of the actuarial assumptions and methods used, the scheme's assets at 1 December 1988 fully covered its liabilities based on the current salary levels and service to the valuation date.

9 Tax on profit/(loss) on ordinary activities

	1991 £000	1990 £000
The charge/(credit) based on the profit/(loss) for the year comprises:		
UK corporation tax @ 35% (1990 35%)	(328)	1,531
Group relief @ 35%	(114)	-
Overseas taxes	269	12
Tax on franked investment income	3	5
Adjustments relating to prior years	(6)	(48)
	-----	-----
	(176)	1,500
Deferred tax - current year	(683)	(91)
- prior year	-	(121)
	-----	-----
	(859)	1,288
	-----	-----

10 Loss for the financial year

Of the loss for the financial year, £2,113,000 (1990 £2,785,000 profit) has been dealt with in 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

	1991 £000	1990 £000
Costs relating to acquisition of company by Saga Leisure Ltd	(322)	-
Discontinuance of "Connections" magazine in the USA	-	(233)
	-----	-----
	(322)	(233)
Attributable taxation	-	96
	-----	-----
	(322)	(137)
Tax (provision)/release relating to prior period extraordinary items	(500)	180
	-----	-----
	(822)	43
	-----	-----

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 1990:	2,916	5,335	2,278	606	11,135
Exchange adjustments	(21)	(242)	(68)	(6)	(337)
Additions	-	668	121	21	810
Arising on revaluations	4,104	-	-	-	4,104
Disposals	-	(80)	-	(461)	(541)
At 31 January 1991	6,999	5,681	2,331	160	15,171
Depreciation:					
At 31 January 1990	452	2,700	1,036	181	4,369
Exchange adjustments	(14)	(179)	(44)	(4)	(241)
Charge for year	208	1,099	306	95	1,708
Disposals	-	(65)	-	(175)	(240)
At 31 January 1991	646	3,555	1,298	97	5,596
Net book amounts at 31 January 1991	6,353	2,126	1,033	63	9,575
Net book amounts at 31 January 1990	2,464	2,635	1,242	425	6,766
Company					
Cost or valuation:					
At 31 January 1990	2,773	3,611	1,600	466	8,450
Additions	-	459	52	21	532
Arising on revaluations	4,104	-	-	-	4,104
Disposals	-	(26)	-	(390)	(416)
At 31 January 1991	6,877	4,044	1,652	97	12,670
Depreciation:					
At 31 January 1990	381	1,881	782	150	3,194
Charge for year	187	731	205	70	1,193
Disposals	-	(26)	-	(152)	(178)
At 31 January 1991	568	2,586	987	68	4,209
Net book amounts at 31 January 1991	6,309	1,458	665	29	8,461
Net book amounts at 31 January 1990	2,392	1,730	818	316	5,256

Land and buildings consists of freehold properties and short leasehold properties. Short leasehold comprises cost of £197,051 and accumulated depreciation of £152,826 at 31 January 1991.

Notes on the Accounts continued

As at 31 January 1991 the directors have contracted for no future capital expenditure (1990 - £nil) and have authorised, but not contracted for, future capital expenditure amounting to £515,000 (1990 - £nil).

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 amounted to £75,000 during the year.

The net book amount of tangible fixed assets includes £1,166,000 (1990 - £1,100,000) for the Group and £1,009,000 for the Company (1990 - £901,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £439,000 (1990 - £214,000) for the Group and £397,000 for the Company (1990 £214,000).

13 Intangible fixed assets

	1991 Group £000	1990 Group £000
Mailing list expansion		
Cost		
At 31 January 1990	1,298	1,244
Exchange adjustment	(189)	54
Additions	-	-
	-----	-----
At 31 January 1991	1,109	1,298
	-----	-----
Amortisation		
At 31 January 1990	1,005	646
Exchange adjustment	(198)	34
Charge for the year	302	325
	-----	-----
At 31 January 1991	1,109	1,005
	-----	-----
Net book amounts at 31 January 1991	-	293
	-----	-----

14 Investment in Subsidiary Undertakings

	1991 £000	1990 £000
Cost		
At 31 January 1990	3,193	2,027
Additions	1,010	1,166
	-----	-----
	4,203	3,193
Revaluation		
Balance brought forward	2,861	1,946
Adjustments for the year	(24)	915
	-----	-----
	2,837	2,861
	-----	-----
Net book amount at 31 January 1991	7,040	6,054
	-----	-----

Notes on the Accounts continued

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

Company	Country of incorporation or registration	Nature of Business
Saga Holidays Limited	England	Tour operating
Inter-Church Travel Limited	England	Tour operating
Renaissance Tours 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

15 Current asset investments	31 January 1991		31 January 1990	
	Group £000	Company £000	Group £000	Company £000
Redeemable preference shares listed in UK	-	-	220	220
Deposits with banks and local authorities	23,867	6,800	32,187	20,950
	<u>23,867</u>	<u>6,800</u>	<u>32,407</u>	<u>21,170</u>

Deposits amounting to £7,527,000 (1990 - £8,490,000) 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.

16 Stock	1991 £000	1990 £000
Work in progress	4,249	1,567

Work in progress comprises retirement housing developments in progress and includes interest on external borrowings of £285,373 (1990 - £70,491).

17 Debtors	31 January 1991		31 January 1990	
	Group £000	Company £000	Group £000	Company £000
Trade debtors	1,892	53	1,343	-
Due from subsidiary undertakings	-	-	-	402
Due from holding company	460	-	-	-
Other debtors	2,231	517	2,447	1,095
Prepayments	2,583	616	5,127	65
Taxation recoverable	870	401	1,063	586
	<u>8,036</u>	<u>1,587</u>	<u>9,980</u>	<u>2,148</u>

Notes on the Accounts continued

18 Creditors

	31 January 1991		31 January 1990	
	Group	Company	Group	Company
	£000	£000	£000	£000
Bank overdraft	434	57	228	10
Advance receipts	16,792	-	25,144	-
Trade creditors	8,782	528	7,489	154
Due to subsidiary undertakings	-	7,027	-	17,421
Due to holding company	1,921	1,921	-	-
Corporate taxation	1,195	1,004	2,255	378
Other taxation and social security	322	-	226	120
Other creditors	1,488	419	1,284	181
Accruals and deferred income	2,574	505	2,264	47
Leasing	383	343	-	-
	<u>33,891</u>	<u>11,804</u>	<u>38,890</u>	<u>18,311</u>

19 Long term creditors

	31 January 1991		31 January 1990	
	Group	Company	Group	Company
	£000	£000	£000	£000
Bank loan (due within 1 to 2 years)	4,000	-	1,400	-
Leasing	1,333	1,174	1,211	1,012
	<u>5,333</u>	<u>1,174</u>	<u>2,611</u>	<u>1,012</u>

20 Obligations under finance leases

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

	31 January 1991		31 January 1990	
	Group	Company	Group	Company
	£000	£000	£000	£000
Within one year	383	343	-	-
Within two to five years	1,333	1,174	969	810
Thereafter	-	-	242	202
	<u>1,716</u>	<u>1,517</u>	<u>1,211</u>	<u>1,012</u>

Notes on the Accounts continued

21 Provision for liabilities and charges

	Group £000	1991 Company £000
Deferred taxation		
Balance at 31 January 1990	909	614
Release for the year	(562)	(349)
Exchange adjustment	(7)	-
Loss offset	(121)	(121)
	-----	-----
Balance at 31 January 1991	219	144
	-----	-----

The major components of the provision for deferred taxation are:

	31 January 1991		31 January 1990	
	Group £000	Company £000	Group £000	Company £000
Accelerated capital allowances	290	234	295	295
Short term timing differences	50	31	614	319
	-----	-----	-----	-----
	340	265	909	614
Loss offset	(121)	(121)	-	-
	-----	-----	-----	-----
	219	144	909	614
	-----	-----	-----	-----

At 31 January 1990 the full potential liability for deferred tax of the Group was £426,000 (1990 - £944,000) and of the Company £179,000 (1990 - £649,000).

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.

22 Lease commitments

Operating leases

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

	31 January 1991		31 January 1990	
	Group £000	Company £000	Group £000	Company £000
Leases expiring within one year	17	-	19	-
Within 2 to 5 years	37	-	45	-
Thereafter	274	-	419	-
	-----	-----	-----	-----
	328	-	483	-
	-----	-----	-----	-----

Notes on the Accounts continued

23 Called up share capital

	31 January 1991 £000	31 January 1990 £000
Authorised		
27,000,000 Ordinary shares of 20p each	5,400	5,400
Allotted and fully paid		
18,086,076 Ordinary shares of 20p each	3,617	3,617

24 Share premium account

	31 January 1991 £000	31 January 1990 £000
Premium on shares issued	84	84

25 Revaluation reserve

	31 January 1991		31 January 1990	
	Group £000	Company £000	Group £000	Company £000
Surplus arising on revaluation of investments in subsidiary undertakings	-	1,621	-	1,621
Arising on property revaluation	4,104	4,104	-	-
Transfer to profit and loss	(75)	(75)	-	-
At 31 January 1991	4,029	5,650	-	1,621

26 Profit and loss account

	31 January 1991		31 January 1990	
	Group £000	Company £000	Group £000	Company £000
At 31 January 1990	10,956	9,369	8,651	7,030
Profit/(loss) for the year	(7,038)	(7,113)	2,369	2,369
Exchange adjustments				
Unrealised translation gain/(loss)	(286)	(320)	33	67
Realised gain/(loss)	363	363	(46)	(46)
Corporation tax on realised gain/(loss)	(127)	(127)	16	16
Goodwill written off	(10)	(10)	(67)	(67)
Transfer from revaluation reserve	75	75	-	-
At 31 January 1991	3,933	2,237	10,956	9,369

£2,139,000 of the company's profit and loss account is not distributable. The cumulative amount of goodwill written off at 31 January 1991 is £77,000 (1990 - £67,000).

Notes on the Accounts continued

27 Contingent liabilities

At 31 January 1991 there were contingent liabilities under counter indemnities given to the Company's bankers in respect of the ABTA bond and other guarantees amounting to £8,242,000 (1990 - £7,900,140).

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 £17,500,000 (1990 nil).

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

28 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 1991 and of the loss 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

Chartered Accountants

London

22 Mar 1991.