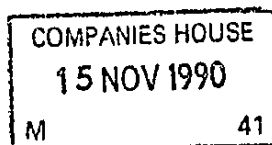


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**SAGA GROUP PLC**  
**ANNUAL REPORT AND ACCOUNTS**  
**31 JANUARY 1990**



## **Directors' Report**

Directors            R M De Haan (Chairman)  
                      T B Bull  
                      A R Deacon  
                      P C De Haan  
                      J Foster  
                      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 1990. Comparative results are stated for the fifteen months ended 31 January 1989.

### **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.

During the year, the tour operating and financial service businesses had a satisfactory performance and the directors anticipate this will continue in the coming financial year.

In April 1989, the Group's retirement housing company commenced trading and that company's first sales are expected to arise in the second half of 1990/91.

### **Subsequent events and future developments**

On 23 February 1990, unconditional agreement was reached for Saga Leisure Limited, a company controlled by the De Haan family (who previously held a controlling interest in Saga Group PLC) to acquire 100% of the equity of Saga Group PLC. As a result of the change in ownership, the company no longer retains a listing on the London Stock Exchange.

The directors anticipate that 1990/91 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 attributable to shareholders amounts to £2,785,000 and is dealt with as shown in the consolidated profit and loss account.

The directors do not propose a final dividend. An interim dividend of 2.30 pence per share was paid during the year giving a total dividend of £416,000.

### **Directors**

The directors of the company during the year were those listed at the commencement of this report and I R Levine who retired from the board on 8 March 1990.

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

The interest of the directors in the share capital of the Company were as follows:

	31 January 1990		31 January 1989	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
R M De Haan	3,491,695	2,254,002	2,241,695	2,253,502
T Bull	-	-	-	-
A R Deacon	50,000	-	75,000	-
P C De Haan	1,979,124	3,563,502	1,979,124	2,313,502
J Foster	49,176	-	49,176	-
M E Hatch	5,000	-	5,000	-
I R Levine	15,000	-	6,000	-

The above non-beneficial interests apply to a total of 3,563,502 (1989 2,313,502) shares.

Shares under option in the 1981 Savings-Related Share Option Scheme:

	31 January 1990	31 January 1989
R M De Haan	4,839	4,839
T B Bull	4,540	4,540
P C De Haan	4,586	4,586

As a direct result of acquisition of the minority interest in Saga Group PLC by the De Haan family, all the above interests were acquired by Saga Leisure Limited in exchange for shares in that company, cash or loan notes.

### Donations

During the year charitable donations in the UK amounted to £31,525. 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, participation and involvement are encouraged.

### Employees' share saving scheme

All full-time United Kingdom employees (including directors) of the Group who have completed at least two years continuous service were eligible to participate in the Scheme. As a result of the changes referred to above, the Share Saving Scheme is now terminated.

### Employment of disabled persons

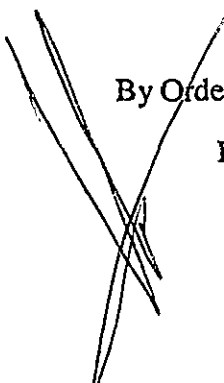
It is the policy of the Company to develop a working environment and to offer terms and conditions of service to enable disabled persons, with the appropriate skills and qualifications, equal opportunities to seek and maintain employment with the Company. We shall retain in employment, whenever practicable, 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 & Whinney merged their practice with Arthur Young on 1 September 1989 and now practise in the name of Ernst & Young. Accordingly, they have signed their audit report in their new name. 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

24 April 1990



By Order of the Board

Peter De Haan  
Secretary

## **Consolidated profit and loss account**

**For the year ended 31 January 1990**

	Note	1990 12 months £000	1989 15 months £000
<b>Turnover</b>	2	104,444	113,807
<b>Cost of sales</b>		(79,670)	(89,618)
<b>Gross profit</b>		<u>24,774</u>	<u>24,189</u>
<b>Administrative and marketing expenses</b>		(24,556)	(24,918)
<b>Net investment income</b>	4	<u>3,812</u>	<u>3,462</u>
<b>Profit on ordinary activities before taxation</b>	5	4,030	2,733
<b>Taxation</b>	9	(1,288)	(776)
<b>Profit on ordinary activities after taxation</b>	10	<u>2,742</u>	<u>1,957</u>
<b>Extraordinary items</b>	11	43	3,117
<b>Profit for the financial period</b>		<u>2,785</u>	<u>5,074</u>
<b>Dividends</b>		(416)	(1,302)
<b>Retained profit for the period</b>	26	<u>2,369</u>	<u>3,772</u>

# Consolidated Balance Sheet

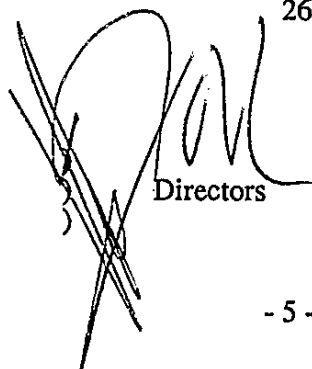
As at 31 January 1990

	Note	31 January 1990 £000	31 January 1989 £000
<b>Fixed assets</b>			
Tangible assets	12	6,766	5,944
Intangible assets	13	293	598
		<u>7,059</u>	<u>6,542</u>
<b>Current assets</b>			
Investments	15	32,407	28,522
Stock	16	1,567	-
Debtors	17	9,980	7,034
Deferred expenditure		5,589	3,953
Cash at bank and in hand		465	488
		<u>50,008</u>	<u>39,997</u>
<b>Creditors - amounts falling due within one year</b>	18	38,890	33,408
<b>Net current assets</b>		<u>11,118</u>	<u>6,589</u>
<b>Total assets less current liabilities</b>		<u>18,177</u>	<u>13,131</u>
<b>Creditors - amounts falling due after more than one year</b>	19	2,611	-
<b>Provisions for liabilities and charges</b>	21	909	788
		<u>14,657</u>	<u>12,343</u>
<b>Capital and reserves</b>			
Called-up share capital	23	3,617	3,615
Share premium account	24	84	77
Profit and loss account	26	10,956	8,651
		<u>14,657</u>	<u>12,343</u>

R M De Haan

P C De Haan

24 April 1990

  
Directors

## Source and Application of Funds

For the year ended 31 January 1990

Source of funds	1990		1989	
	12 months		15 months	
	£000	£000	£000	£000
Profit before tax and extraordinary items		4,030		2,733
Extraordinary item		(233)		-
		-----		-----
		3,797		2,733
<b>Adjustments for items not involving movement of funds</b>				
Depreciation of tangible fixed assets	1,421		1,527	
Amortisation of intangible fixed assets	325		475	
Exchange adjustments	(43)		160	
Goodwill written off	(67)		(195)	
	-----		-----	
		1,636		1,967
		-----		-----
<b>Generated from operations</b>		5,433		4,700
<b>Funds from other sources</b>				
Issue of shares	9		10	
Proceeds from sale of fixed assets	484		6,187	
Taxation refunded	515		1,380	
Leasing finance	1,211		-	
Bank loan	1,400		-	
	-----		-----	
		3,619		7,577
		-----		-----
		9,052		12,277
<b>Application of funds</b>				
Dividends paid	1,356		904	
Taxation paid	1,561		1,425	
Acquisition of tangible fixed assets and cost of disposals	2,707		2,009	
Acquisition of intangible fixed assets	-		297	
	-----		-----	
		5,624		4,635
		-----		-----
<b>Increase in working capital</b>		3,428		7,642
		-----		-----
<b>Arising from movement in</b>				
Investments		3,885		6,157
Stock		1,567		-
Debtors		2,613		2,094
Deferred expenditure		1,636		2,049
Advance receipts		(5,146)		(8,765)
Creditors		(2,410)		6,250
Net liquid funds		1,283		(143)
		-----		-----
		3,428		7,642
		-----		-----

# Company Balance Sheet

As at 31 January 1990

	Note	31 January 1990 £000	31 January 1989 £000
<b>Fixed assets</b>			
Tangible assets	12	5,256	5,041
Investment in subsidiaries	14	6,054	3,973
		<u>11,310</u>	<u>9,014</u>
<b>Current assets</b>			
Investments	15	21,170	22,597
Debtors	17	2,148	3,188
Cash at bank and in hand		-	211
		<u>23,318</u>	<u>25,996</u>
<b>Creditors - amounts falling due within one year</b>	18	18,311	22,411
<b>Net current assets</b>		<u>5,007</u>	<u>3,585</u>
<b>Total assets less current liabilities</b>		<u>16,317</u>	<u>12,599</u>
<b>Creditors - amounts falling due after more than one year</b>	19	1,012	-
<b>Provisions for liabilities and charges</b>	21	614	256
		<u>14,691</u>	<u>12,343</u>
<b>Capital and reserves</b>			
Called-up share capital	23	3,617	3,615
Share premium account	24	84	77
Revaluation reserve	25	1,621	1,621
Profit and loss account	26	9,369	7,030
		<u>14,691</u>	<u>12,343</u>

R M De Haan

P C De Haan

Directors

24 April 1990



## 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.

#### b Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and each of its subsidiaries for the year ended 31 January 1990.

#### 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 the capital element of the related rental obligation 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.

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 represents the sales value of holidays with starting dates in the accounting period, advertising, subscription income, marketing and publishing fees and commissions relating to financial services. Turnover excludes value added tax and sales between Group companies.

# Notes on the Accounts continued

3 Analysis of turnover and profits	Turnover		Contributions to profit	
	1990 12 months £000	1989 15 months £000	1990 12 months £000	1989 15 months £000
Tour operations and other services	104,444	113,807	4,030	2,733
	104,444	113,807	4,030	2,733
United Kingdom	66,462	70,422		
United States	35,624	41,825		
Australia	2,358	1,560		
	104,444	113,807		
4 Net investment income				
			1990 12 months £000	1989 15 months £000
Interest on deposits			4,346	3,918
Income from preference shares			83	42
			4,429	3,960
Bank interest payable			(27)	(42)
Prompt payment discounts allowed to customers			(590)	(456)
			3,812	3,462
5 Profit before taxation is stated after charging				
			1990 12 months £000	1989 15 months £000
Depreciation and amortisation			1,421	1,527
Tangible fixed assets			325	475
Intangible fixed assets			42	28
Hire of equipment			121	119
Auditors' remuneration			545	598
Emoluments of directors of the Company (Note 6)			422	506
Property lease charges				
after crediting:				
Profit on disposal of land and buildings			401	-
6 Emoluments of directors and employees				
			1990 12 months £000	1989 15 months £000
a) Directors				
Fees			66	66
Remuneration			425	446
Pensions to former directors			54	54
Compensation for loss of office			-	32
			545	598

## Notes on the Accounts continued

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

	1990 12 months	1989 15 months
Chairman	£104,136	£123,858
	Number	Number
Other directors in scale:		
£10,001 to £15,000	-	1
£15,001 to £20,000	1	1
£20,001 to £25,000	1	1
£35,001 to £40,000	-	1
£45,001 to £50,000	-	1
£60,001 to £65,000	1	-
£75,000 to £80,000	-	1
£80,001 to £85,000	1	-

### b) Employees

The number of employees of the UK companies other than directors whose emoluments, excluding pension contributions, exceeded £30,000 was as follows:

	1990 12 months Number	1989 15 months Number
£30,001 to £35,000	3	2
£35,001 to £40,000	1	5
£40,001 to £45,000	2	1
£45,001 to £50,000	-	1
£50,001 to £55,000	1	1
	-----	-----

### 7 Staff costs

	1990 12 months £000	1989 15 months £000
Wages and salaries	7,522	7,673
Social security costs	527	559
Other pension costs	373	255
	-----	-----
	8,422	8,487
	-----	-----
Average number of persons employed	796	625
	-----	-----

During the fifteen month period ended 31 January 1989 the Company took advantage of a pension holiday which resulted in cost savings of £170,000. The decision was taken following the result of an actuarial valuation.

### 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 £246,292 and £121,711 overseas.

## Notes on the Accounts continued

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 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 10% 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.

<b>9 Tax on profit on ordinary activities</b>		1990	1989
		12 months	15 months
		£000	£000
The charge based on the profit for the period comprises:			
UK corporation tax @ 35% (1989 35%)		1,531	1,124
Overseas taxes		12	(35)
Tax on franked investment income		5	13
Adjustments relating to prior years		(48)	(288)
		-----	-----
		1,500	814
Deferred tax	- current year	(91)	(38)
	- prior year	(121)	-
		-----	-----
		1,288	776
		-----	-----

## 10 Profit on ordinary activities after taxation

Of the profit for the financial year, £2,785,000 (1989 £5,074,000) 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 228 (7) in not separately publishing a company Profit and Loss Account.

<b>11 Extraordinary items</b>		1990	1989
		12 months	15 months
		£000	£000
Discontinuance of "Connections" magazine in the USA		(233)	-
Profit on disposal of former head office		-	4,187
		-----	-----
		(233)	4,187
Attributable taxation		96	(1,204)
		-----	-----
		(137)	2,983
Release of tax provisions relating to prior period extraordinary items		180	134
		-----	-----
		43	3,117
		-----	-----

# Notes on the Accounts continued

## 12 Tangible fixed assets

Group	Land and Buildings £000	Computers £000	Plant and other equipment £000	Motor Vehicles £000	Total £000
Cost or valuation:					
At 31 January 1989:	2,832	3,927	1,861	452	9,072
Exchange adjustments	2	50	11	(3)	60
Additions	107	1,497	406	293	2,303
Disposals	(25)	(139)	-	(136)	(300)
At 31 January 1990	2,916	5,335	2,278	606	11,135
Depreciation:					
At 31 January 1990	323	1,899	744	162	3,128
Exchange adjustments	3	30	8	(1)	40
Charge for period	128	904	284	105	1,421
Disposals	(2)	(133)	-	(85)	(220)
At 31 January 1990	452	2,700	1,036	181	4,369
Net book amounts at 31 January 1990	2,464	2,635	1,242	425	6,766
Net book amounts at 31 January 1989	2,509	2,028	1,117	290	5,944
Company					
Cost or valuation:					
At 31 January 1989	2,779	2,634	1,508	396	7,317
Additions	19	980	92	198	1,289
Disposals	(25)	(3)	-	(128)	(156)
At 31 January 1990	2,773	3,611	1,600	466	8,450
Depreciation:					
At 31 January 1989	270	1,308	556	142	2,276
Charge for period	112	576	226	86	1,000
Disposals	(1)	(3)	-	(78)	(82)
At 31 January 1990	381	1,881	782	150	3,194
Net book amounts at 31 January 1990	2,392	1,730	818	316	5,256
Net book amounts at 31 January 1989	2,509	1,326	952	254	5,041

Land and buildings consists of freehold properties and short leasehold properties. Short leasehold comprises cost of £217,782 and accumulated depreciation of £146,012 at 31 January 1990.

## Notes on the Accounts continued

As at 31 January 1990 the directors have contracted for no future capital expenditure (1989 £425,712) and have authorised, but not contracted for, future capital expenditure amounting to £nil (1989 £735,000).

The net book amount of tangible fixed assets includes £1,100,000 (1989 £nil) for the Group and £901,000 for the Company (1989 £nil) in respect of assets held under finance leases. Depreciation for the year on these assets was £214,000 (1989 £nil) for both the Group and the Company.

### 13 Intangible fixed assets

	31 January 1990 Group £000	31 January 1989 Group £000
Mailing list expansion Cost		
At 31 January 1989	1,244	964
Exchange adjustment	54	(17)
Additions	-	297
At 31 January 1990	1,298	1,244
Amortisation		
At 31 January 1989	646	157
Exchange adjustment	34	14
Charge for the period	325	475
At 31 January 1990	1,005	646
Net book amounts at 31 January 1989	293	598

### 14 Investment in Subsidiaries

	1990 £000	1989 £000
Cost		
At 31 January 1990	2,027	734
Additions	1,166	1,293
	3,193	2,027
Revaluation		
Balance brought forward	1,946	1,415
Adjustments for the period	915	531
	2,861	1,946
Net book amount at 31 January 1990	6,054	3,973

## Notes on the Accounts continued

Main operating subsidiary companies of Saga Group PLC 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 1990		31 January 1989	
	Group £000	Company £000	Group £000	Company £000
Redeemable preference shares listed in UK market value £202,400 (1989 £388,900)	220	220	343	343
Deposits with banks and local authorities	32,187	20,950	28,179	22,254
	-----	-----	-----	-----
	32,407	21,170	28,522	22,597
	-----	-----	-----	-----

Deposits and redeemable preference shares amounting to £8,490,000 (1989 £8,381,000) 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	1990 12 months £000	1989 15 months £000
Work in progress	1,567	-
	-----	-----

Work in progress comprises retirement housing developments in progress and includes interest on external borrowings of £70,491.

17 Debtors	31 January 1990		31 January 1989	
	Group £000	Company £000	Group £000	Company £000
Trade debtors	1,343	-	1,886	612
Amounts owed by subsidiaries	-	402	-	961
Other debtors	2,447	1,095	1,581	1,114
Prepayments	5,127	65	2,838	122
Taxation recoverable	1,063	586	729	379
	-----	-----	-----	-----
	9,980	2,148	7,034	3,188
	-----	-----	-----	-----



## Notes on the Accounts continued

### 18 Creditors

	31 January 1990		31 January 1989	
	Group £000	Company £000	Group £000	Company £000
Bank overdraft	228	10	1,534	-
Advance receipts	25,144	-	19,998	-
Trade creditors	7,489	154	5,707	865
Amount owed to subsidiaries	-	17,421	-	18,772
Corporate taxation	2,255	378	2,083	1,579
Other taxation and social security	226	120	131	-
Other creditors	1,284	181	278	249
Accruals and deferred income	2,264	47	2,737	6
Dividends	-	-	940	940
	<u>38,890</u>	<u>18,311</u>	<u>33,408</u>	<u>22,411</u>

### 19 Long term creditors

	31 January 1990		31 January 1989	
	Group £000	Company £000	Group £000	Company £000
Bank loan	1,400	-	-	-
Leasing	1,211	1,012	-	-
	<u>2,611</u>	<u>1,012</u>	<u>-</u>	<u>-</u>

### 20 Obligations under finance leases

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

	31 January 1990		31 January 1989	
	Group £000	Company £000	Group £000	Company £000
Within one year	-	-	-	-
Within two to five years	969	810	-	-
Thereafter	242	202	-	-
	<u>1,211</u>	<u>1,012</u>	<u>-</u>	<u>-</u>

The company entered into a finance lease in March 1990 giving a further annual commitment of £70,684 commencing in the year ending 31 January 1992.

## Notes on the Accounts continued

### 21 Provision for liabilities and charges

	1990	
	Group £000	Company £000
Deferred taxation		
Balance at 31 January 1989	788	256
(Release)/charge for the year	(218)	42
Exchange adjustment	23	-
Movement in ACT recoverable	316	316
	-----	-----
Balance at 31 January 1990	909	614
	-----	-----

The major components of the provision for deferred taxation are:

	31 January 1990		31 January 1989	
	Group £000	Company £000	Group £000	Company £000
Accelerated capital allowances	295	295	466	407
Short term timing differences	614	319	638	165
	-----	-----	-----	-----
	909	614	1,104	572
Advance Corporation Tax	-	-	(316)	(316)
	-----	-----	-----	-----
	909	614	788	256
	-----	-----	-----	-----

At 31 January 1990 the full potential liability for deferred tax of the Group was £944,000 (1989 £874,000) and of the Company £649,000 (1989 £342,000).

### 22 Lease commitments

#### Operating leases

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

	31 January 1990		31 January 1989	
	Group £000	Company £000	Group £000	Company £000
Leases expiring within one year	19	-	34	-
Within 2 to 5 years	45	-	40	-
Thereafter	419	-	364	70
	-----	-----	-----	-----
	483	-	438	70
	-----	-----	-----	-----

## Notes on the Accounts continued

### 23 Called up share capital

	31 January 1990 £000	31 January 1989 £000
Authorised 27,000,000 Ordinary shares of 20p each	5,400	5,400
Allotted and fully paid 18,086,076 (1989 18,076,921) Ordinary Shares of 20p each	3,617	3,615

### 24 Share premium account

	31 January 1990 £000	31 January 1989 £000
Premium on shares issued	84	77

During the year 9,155 ordinary shares of 20p each were allotted and fully paid, being issued at a premium through the 1981 Savings-Related Share Option Scheme.

### 25 Revaluation reserve

	31 January 1990 Company £000	31 January 1989 Company £000
Surplus arising on revaluation of investments in subsidiaries	1,621	1,621

### 26 Profit and loss accounts

	31 January 1990		31 January 1989	
	Group £000	Company £000	Group £000	Company £000
At 31 January 1989	8,651	7,030	5,009	3,388
Profit for the period	2,369	2,369	3,772	3,772
Exchange adjustments				
Unrealised translation gain/(loss)	33	67	(20)	(20)
Realised gain/(loss)	(46)	(46)	131	131
Corporation tax on realised gain/(loss)	16	16	(46)	(46)
Goodwill written off	(67)	(67)	(195)	(195)
At 31 January 1990	10,956	9,369	8,651	7,030

£2,518,000 of the company's profit and loss account is not distributable.

## **Notes on the Accounts continued**

### **27 Contingent liabilities**

At 31 January 1990 there were contingent liabilities under counter indemnities given to the Company's bankers in respect of the ABTA bond and other guarantees amounting to £7,900,140 (1989 £6,314,921).

The company has entered into a cross guarantee in respect of a loan of a subsidiary company amounting to £1,400,000.

### **28 Post balance sheet event**

On 23 February 1990, unconditional agreement was reached for Saga Leisure Limited, a company controlled by the De Haan family (who previously held a controlling interest in Saga Group PLC) to acquire 100% of the equity of Saga Group PLC.

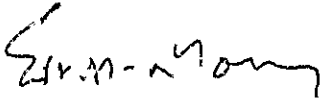
### **29 Ultimate holding company**

The ultimate holding company is Saga Leisure Limited which is incorporated in Great Britain.

## Report of the Auditors

We have audited the accounts on pages 4 to 19 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 1990 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

Chartered Accountants

London

24 April 1990