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# **SAGA HOLIDAYS PLC**

**ANNUAL REPORT  
& ACCOUNTS  
30 JUNE 1982**



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## General Information

**Directors**

Sidney De Haan *Chairman*  
Roger Michael De Haan *Managing Director*  
Peter Charles De Haan  
Sydney John Moss  
Roger Dudley Crick *Non-executive*  
Andrew Robert Deacon *Non-executive*  
Maurice Edward Hatch *Non-executive*

**Solicitors**

Lovell, White & King  
London

**Auditors**

Ernst & Whinney  
London

**Secretary and Registered Office**

Peter Charles De Haan FCA  
Enbrook House  
Sandgate  
Folkestone, Kent CT20 3AX

**Principal Bankers**

National Westminster Bank PLC  
Folkestone

**Registrars and Transfer Office**

National Westminster Bank PLC  
Registrar's Department  
PO Box 82, National Westminster Court  
37 Broad Street  
Bristol BS99 7NH

**Brokers**

Scrimgeour, Kemp-Gee & Co.  
London

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Representation in the USA: Branch of Saga (International) Holidays Limited

**Local Directors**

Jerry Foster  
Morton Galper *Non-executive*

**Lawyers**

Ropes & Gray  
Boston

**Branch Office**

Park Square Building  
Suite 1162  
31 St James Avenue  
Boston 02116  
Massachusetts

**Bankers**

First National Bank of Boston  
Boston

# Chairman's Statement

## Results and Dividends

Following the increase in profits at the interim stage, I am disappointed to have to report that the group incurred a loss before taxation of £136,000 for the year ended 30 June 1982.

The decline in profit is almost wholly attributable to the trading losses incurred in the establishment of our new divisions, Laker Holidays in the United Kingdom and Saga International in the United States. I deal in detail with the results of these two divisions later in my statement.

Turnover for the year has increased by 61% to £48,331,000. Net tangible assets of the Company fell to £7,529,000 from £8,335,000 at 30 June 1981.

Despite last year's financial results the Board consider it appropriate to maintain the level of the total dividend declared in respect of the previous financial year adjusted for the effect of the 2 for 1 bonus issue of shares made in December 1981. Accordingly the Board is recommending a final dividend of 2.53p per share (1981 2.67p per share), making a total of 3.73p for the year (1981 3.73p).

The Board together with members of their families have decided to waive their entitlement to the final dividend. As a result of these waivers the cost of the final dividend is reduced from £456,000 to £272,000.

The dividend will be paid on 20 December 1982 to shareholders on the register at the close of business on 11 November 1982.

## Review of Activities

### Saga

Turnover in Saga's mainstream holiday business increased during the year from £30,025,000 to £42,825,000. A fall in operating profit from £1,706,000 to £1,192,000 resulted from a reduction in gross margins combined with a significant increase in our overheads associated with the substantially increased business. The fall in operating profit must be viewed in the context of the additional investment income generated by the rise in turnover.

The reduction in gross margins resulted from our decision to hold down the prices of our overseas holidays with a view to increasing our penetration of this market sector. This aim was successfully achieved and is being maintained in the current year.

Demand for our United Kingdom holidays was relatively static in the financial year but margins remained satisfactory. This market generally continues to be difficult but we have just issued brochures which once again broaden the range of our holidays and we have been able to hold our prices relatively steady.

The cruising division has had a successful year despite the cancellation of a major series of cruises due to the requisition of a cruise ship during the Falklands crisis. Our market for this type of holiday remains buoyant.

The Company's hotels continue to operate in a generally depressed market. However they provide an important element in the UK touring holidays which are offered by Saga and Saga International and we have recently purchased the Bailie Nicol Jarvie Hotel in Aberfoyle, Scotland.

### Laker

We believe that the long term future growth of your Company depends on being able to offer a 12 month holiday programme. The Board considered the alternatives of setting up the Company's own programme which would take a number of years, or buying an existing high-season holiday operation.

On 10 February 1982 your Company acquired the business of Laker Air Travel Limited for £500,000 from the Receiver of Laker Airways (International) Limited. The Board considered this cost compared very favourably with the overall costs of setting up an in-house operation.

Three days after the acquisition we launched Laker Holidays as a new division of our Company and re-offered Laker Air Travel's holiday programme to all who had booked with them. Our principal concern was to preserve customers' goodwill, and it appeared at first that a sufficient number of confirmed Spring and Summer bookings had been retained to justify holding prices at the levels previously offered by Laker Air Travel. These prices had been based on high aircraft load factors.

In the aftermath of the collapse the state of administration within Laker Air Travel on takeover was little short of appalling and there was also confusion within the travel industry. It therefore took a little time for the position to become clearer. After a short operating period there were growing indications that the necessary aircraft loadings would not be achieved for the Spring season and I therefore forecast in my interim statement that significant initial operating losses would be incurred, these have finally amounted to £2,211,000. Although I indicated at that time that the losses concerned could be accounted for as an extraordinary item, we are now advised that, arising as they do from the Company's trading activities, they should be shown as part of its operating results.

Since the acquisition of Laker the Company's administrative offices in Grosvenor Street, London W1 have been closed. The staff of 122 has been reduced to 35 and re-located to Saga's headquarters in Folkestone. The administration has now been substantially integrated with that of Saga and this will enable a significant peak holiday season programme to be operated with very little addition to the Company's overheads.

Aircraft load factors during Laker's main Summer season, the greater part of which falls in the current financial year, have been on target and we believe we have now put behind us the administrative and logistic difficulties of acquiring a major tour operator which was in receivership.

The brochure for our main 1983 Summer season is well advanced and we intend to run a programme which whilst offering a wide range of holidays minimises the Company's financial exposure both to aircraft and hotel commitments.

We firmly believe that our policy of entering the peak holiday market is correct both because of the increased buying power which it brings to the Company and the opportunity for future growth in our operations which it affords. Whilst the initial losses on the Laker acquisition were greater than we had anticipated in March we have nonetheless established a base of operations on which we can build for the future.

Profitability of the division in the short term will largely depend on the response to our 1983 Summer programme but we do not expect the division to have a significant effect on Company profitability during the current year.

#### **Saga International**

We established our United States operation in 1980 by opening a small office in Boston, Massachusetts. The initial establishment and promotional costs of this new venture have been borne in the last financial year and as a result initial losses reflected in the accounts amount to £806,000.

Saga International issued its first holiday brochure in December 1981 for 1982 Spring and Summer domestic and overseas holidays.

Holidays for the over sixties in which this Company has specialised have not been previously exploited in the United States. There are over 30 million Americans in this category which offers great marketing potential. The Boston office is staffed almost entirely with Americans who have been experimenting with a number of different marketing techniques to establish those most suited to their needs as techniques that are successful in this country are not necessarily effective in the United States.

It will naturally take a little time to perfect the American form of the Saga formula but we believe that the medium and long term prospects for this venture are extremely bright. The response for the Summer season which falls into the current financial year was encouraging. We are extremely pleased with the momentum now being built up within this organisation and we are expecting it to break even during the current financial year.

### Investment Income

Net investment income increased substantially during the year rising from £1,353,000 to £1,689,000. High interest rates together with an increased level of investment created by the higher level of sales activity were the principal reasons for this increase. Whilst the major part of the Company's deposits continue to be invested in local authority term deposits, we have further added to our portfolio of industrial leasing contracts during the year. Income from these contracts in which we have been investing for the last three years now makes a valuable contribution to our overall investment income.

Cash flow was to some extent disrupted by the acquisition of Laker Air Travel both as regards the losses incurred and the delay which has occurred in reclaiming Laker customers' deposits from the trust fund operated by the Tour Operators Study Group on behalf of the Civil Aviation Authority. The amount outstanding is currently £1,456,000. As a result we expect investment income in the first half of the current financial year to be significantly lower than in the comparable period last year, but to recover in the second half.

The generally strongly rising trend in the Group's turnover should result in a continuing increase in the Company's investment income as the aberrations caused by the Laker acquisition recede into the past.

### Change of Accounting Period

The expansion of our peak Summer operation through the establishment of the Laker Holidays division has highlighted the Company's problem of matching income and expenditure incurred in one accounting period. A June year end is now inappropriate and the Board have decided to change the Company's accounting date to 31 October. Thus the current financial period will run for sixteen months.

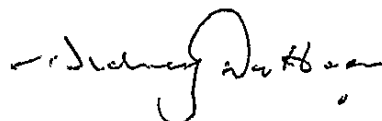
### Summary

The decline in profits is attributable principally to the trading losses of Laker Holidays and Saga International and, to a lesser extent, the hotels division. Whilst the results are disappointing in financial terms I believe they should be viewed in the context of transforming the Company from a specialist operator catering principally for the over sixties into a significant United Kingdom based tour operator offering holidays throughout the year. We now have greatly increased capacity to book hotel and airline seats at advantageous rates on a year round basis with consequent benefits to the Company and its customers with only a small increase in overhead costs.

I firmly believe that the Company is right to search for new ideas in the pursuit of growth both in our existing and related markets. The company continues to have a very healthy balance sheet and the maintenance of the previous year's level of dividend is a mark of the Board's confidence in the Company's future strength and profitability. Profits in the first half of the current financial period will be low. Results in the second period, however, promise to be significantly better.

The events of the last twelve months, against a background of more difficult trading conditions generally within the tourism industry, have presented us with some of our most difficult challenges and I would like to thank our loyal and enthusiastic staff for their efforts during the year without which our continuing progress would not have been possible.

26 October 1982



Chairman

## Directors' Report

The directors submit their report together with the audited accounts of the Group for the year ended 30 June 1982.

### Principal activities

The activities of the Group consist of providing inclusive holidays in the United Kingdom and overseas. The Group also owns and operates hotels in the United Kingdom.

### Results and dividends

The Group loss after extraordinary item amounted to £318,000. No taxation charge arises. The directors recommend a final dividend of 2.53p per share in addition to the interim dividend of 1.20p per share which was paid on 30 April 1982. This brings the total dividend payable to shareholders in respect of the year ended 30 June 1982 to 3.73p per share.

In view of their substantial shareholdings certain of the directors and members of their families have waived final dividends of £152,000. Total final dividend waivers amount to £184,000.

If the recommended dividend is approved, warrants will be posted on 20 December 1982 to shareholders on the register at the close of business on 11 November 1982.

### Acquisition

On 10 February 1982 the Company acquired the business of Laker Air Travel Limited. The business comprised certain fixed assets and advance payments to suppliers together with the right to use the Laker name. The company did not assume any liabilities of Laker Air Travel Limited.

### Share capital

At the Extraordinary General Meeting on 11 December 1981 a resolution was approved to change the share capital of the Company. On 22 December 1981 the following changes were made:

(a) The authorised share capital of the Company was increased from £1,500,000 to £4,500,000 by the creation of an additional 15,000,000 Ordinary Shares of 20p each.

(b) The sum of £2,400,000 of the Company's reserves (being as to £245,062.77 the amount standing to the credit of the Share Premium Account, as to £1,439,298.00 the amount standing to the credit of the Revaluation Surplus Account and as to £715,639.23 being part of the amount standing to the credit of Revenue Reserves) was capitalised and 12,000,000 new Ordinary Shares of 20p each were distributed, credited as fully paid up, ranking pari passu in all respects with the existing issued Ordinary Shares.

The new Ordinary Shares have been admitted to the Official List by the Council of The Stock Exchange.

### Employees share saving scheme

During the year the 1981 Savings-Related Share Option Scheme was introduced. All full-time United Kingdom employees (including Directors) of the Group who had completed at least two years continuous service were eligible to participate in the Scheme. Savings contracts for a five year period to the value of £201,822 have been entered into which at the option price of 126p per share would finance the issue of a total of 254,296 shares at the end of such period.

### Companies Act 1980

In accordance with the Companies Act 1980 the Company re-registered as a public limited company on 15 February 1982. On that date the Company changed its name to Saga Holidays Public Limited Company.

### Articles of Association

At the Extraordinary General Meeting on 11 December 1981 a special resolution was approved to adopt new Articles of Association. Under these new Articles of Association the directors are required to review their powers annually to allot equity securities for cash in the circumstances set out in the Articles of Association. The notice of the Annual General Meeting includes the requisite special resolution which will be proposed at the meeting.

### Directors

Mr A R Deacon and Mr M E Hatch retire by rotation and these directors, being eligible, offer themselves for re-election.

No director had a financial interest in any contract to which the Company or any subsidiary was a party during the year.

The interests of the directors and their families in the share capital of the Company were as follows:

	30 June 1982		30 June 1981	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
S De Haan	1,278,204	877,472	672,996	275,824
R M De Haan	2,123,600	2,153,502	716,200	470,906
P C De Haan	1,969,424	2,213,502	664,808	490,906
S J Moss	597,135	1,734,190	199,045	546,730
R D Crick	52,503	—	17,501	—
A R Deacon	—	—	—	—
M E Hatch	—	—	—	—

The interests at 30 June 1982 reflect the bonus issue during the year.

The above non-beneficial interests apply to a total of 3,090,974 shares (1981 766,730).

R M De Haan has been granted 3,095 options under the 1981 Savings-Related Share Option Scheme.

No change in any of these interests had been notified to the Company by 26 October 1982.

### Substantial shareholders

So far as the Board is aware no person or corporation held 5% or more of the ordinary share capital of the Company at 26 October 1982, except the directors and the following:

	Number of shares	Percentage held
D D H Investments Limited	1,256,922	6.98%
Prudential Corporation PLC	1,189,000	6.61%
Wakari Investments Limited	1,301,238	7.23%

### Taxation status

The Company is not a close company as defined by the Income and Corporation Taxes Act 1970.

### Donations

During the year donations to charities in the UK amounted to £10,714. No political donations were made during the year.

### Employees

During the year the average number of permanent full-time UK employees of the Group was 818. The aggregate remuneration of employees of the Group was £3,267,000.

### 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 have expressed their willingness to continue in office as auditors and in accordance with Section 14 of the Companies Act 1976 a resolution proposing their reappointment will be submitted at the Annual General Meeting.

Enbrook House,  
Sandgate,  
Folkestone, Kent.

26 October 1982

By Order of the Board  
Secretary



# Consolidated Profit and Loss Account and Statement of Retained Profits

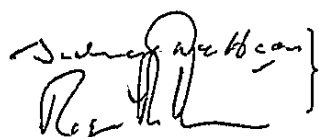
For the year ended 30 June 1982

	Note	1982 £000	1981 £000
<b>Turnover</b>	2	48,331	30,025
<b>Operating results</b>	3		
Saga Holidays		1,192	1,706
Laker & Saga International		(3,017)	(108)
<b>Net investment income</b>	5	1,689	1,353
<b>Profit (loss) before taxation</b>		(136)	2,951
<b>Taxation</b>	6	—	—
<b>Profit (loss) after taxation</b>	7	(136)	2,951
<b>Extraordinary item</b>	8	(182)	—
		(318)	2,951
<b>Dividends</b>	9	488	672
<b>Profit (loss) for the year</b>		(806)	2,279
<b>Earnings per share</b>	10	(0.76p)	16.39p
<b>Dividends per share</b>		3.73p	3.73p
<b>Statement of retained profits</b>			
Balance at 30 June 1981 as previously reported		5,601	3,179
<b>Prior year adjustment</b>	11	(150)	(7)
		5,451	3,172
<b>Capitalisation of retained profits</b>		(716)	—
<b>Profit (loss) for the year</b>		(806)	2,279
<b>Balance at 30 June 1982</b>	19	3,929	5,451

# Consolidated Balance Sheet

At 30 June 1982

	Note	£000	1982 £000	1981 £000
<b>Assets employed</b>				
<b>Fixed assets</b>	13		4,521	4,208
<b>Current assets</b>				
Leased assets	14	4,198		3,723
Debtors		5,085		3,613
Amount due from TOSG	15	1,078		—
Taxation recoverable	16	754		573
Deferred expenditure		1,560		975
Investments and bank balances	17	156		1,759
		<u>12,831</u>		<u>10,643</u>
<b>Current liabilities</b>				
Creditors		6,151		4,170
Bank overdraft		3,400		1,866
Proposed dividend		272		480
		<u>9,823</u>		<u>6,516</u>
<b>Net current assets</b>			3,008	4,127
<b>Advance receipts</b>				
Amounts received for holidays in advance		19,155		13,014
Investments and bank balances	17	<u>19,155</u>		<u>13,014</u>
			<u>—</u>	<u>—</u>
			<u>7,529</u>	<u>8,335</u>
<b>Financed by</b>				
<b>Shareholders' funds</b>				
Share capital	18		3,600	1,200
Reserves	19		3,929	7,135
			<u>7,529</u>	<u>8,335</u>



Directors

26 October 1982

# Source and Application of Funds

For the year ended 30 June 1982

	£000	1982 £000	1981 £000
<b>Sources from operations</b>			
Profit (loss) for the year		(318)	2,951
Depreciation and other adjustments		327	201
		<u>9</u>	<u>3,152</u>
Increase in advance receipts		6,141	4,349
Taxation recovered		634	—
<b>Changes in working capital requirements:</b>			
Increase in debtors and deferred expenditure	(3,135)		(2,184)
Increase in creditors	<u>1,981</u>		<u>2,045</u>
		<u>(1,154)</u>	<u>(139)</u>
		5,630	7,362
<b>Applications</b>			
Acquisition of fixed assets	636		1,181
Dividends paid	696		567
Taxation paid	<u>819</u>		<u>655</u>
		<u>2,151</u>	<u>2,403</u>
		<u>3,479</u>	<u>4,959</u>
<b>Increase in funds invested</b>			
Represented by:			
Increase in leased assets		475	1,957
Increase in investment and bank balances		4,538	3,089
Increase in bank overdraft		<u>(1,534)</u>	<u>(87)</u>
		<u>3,479</u>	<u>4,959</u>

# Company Balance Sheet

At 30 June 1982

	Note	£000	1982 £000	1981 £000
<b>Assets employed</b>				
Fixed assets	13		4,209	3,913
Interest in subsidiaries	12		1,310	577
<b>Current assets</b>				
Leased assets	14	4,198		3,723
Debtors		3,856		3,564
Amount due from TOSG	15	1,078		—
Taxation recoverable	16	754		572
Deferred expenditure		1,379		916
Investments and bank balances	17	404		1,736
		<u>11,669</u>		<u>10,511</u>
<b>Current liabilities</b>				
Creditors		5,786		4,077
Bank overdraft		3,397		1,866
Proposed dividend		272		480
		<u>9,455</u>		<u>6,423</u>
<b>Net current assets</b>			2,214	4,088
<b>Advance receipts</b>				
Amounts received for holidays in advance		16,600		13,014
Investments and bank balances	17	<u>16,600</u>		<u>13,014</u>
			<u>—</u>	<u>—</u>
			<u>7,733</u>	<u>8,578</u>
<b>Financed by</b>				
<b>Shareholders' funds</b>				
Share capital	18		3,600	1,200
Reserves	19		<u>4,133</u>	<u>7,378</u>
			<u>7,733</u>	<u>8,578</u>

  
26 October 1982

Directors

# Notes on the Accounts

## 1 Accounting Policies

### a Accounting convention

The accounts have been prepared in compliance with Section 152A of the Companies Act 1948 and Schedule 8A to that Act. The accounts are prepared under the historical cost convention as modified by the revaluation of certain freehold properties.

### b Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and each of its subsidiaries for the year ended 30 June 1982.

### c Fixed assets

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

Freehold buildings	2% per annum
Short leaseholds	Over the period of the lease
Furniture and equipment – hotels	5% or 15% per annum
Furniture and equipment – other	10% or 20% per annum
Motor vehicles	20% per annum

### d Leased assets

The cost of leased assets is recovered by the rentals over the period of the lease. The finance charge, being the excess of rentals over acquisition cost, is taken to credit by apportionment on the basis of the net cash investment at quarterly rests.

### e Cash received for holidays in advance

All booking fees and balance payments for holidays with starting dates after the year end are treated as receipts in advance at the balance sheet date and are separately disclosed in the balance sheet together with a corresponding amount representing the customers' payments invested or held on deposit.

### f Deferred expenditure

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

### g Hotel stocks

Hotel stocks, which are included with debtors, are valued at the lower of cost and net realisable value.

### h Deferred taxation

Provision is made for deferred taxation, using the liability method, on short-term timing differences and all other material timing differences which are not expected to continue for the foreseeable future. No provision is made for taxation which might arise in the event of properties being sold at the revalued amounts.

### i Foreign currencies

Exchange differences arising in respect of revenue transactions for the year are included in the profit and loss account. The accounts of overseas subsidiaries and branches have been translated using the temporal method. The use of the temporal method represents a change in policy and has no material effect on the results.

## 2 Turnover

Turnover stated represents the gross sales value of holidays with starting dates in the accounting period, the proceeds of insurance claims for passenger cancellations and retained deposits and revenue from the Group's hotels. Turnover excludes value added tax and sales between Group companies. Turnover arising from leasing activities, amounting to £1,194,000 (1981 £563,000) is not included.

## 3 Operating expenses include:

	1982	1981
	£000	£000
Depreciation and amortisation	308	202
Hire of equipment	34	103
Auditors' remuneration	95	46
Emoluments of directors of the Company (note 4)	133	130
	<hr/>	<hr/>

## 4 Emoluments of directors

	1982	1981
	£000	£000
Fees	15	15
Remuneration	113	110
Pension to a former director	5	5
	<hr/>	<hr/>
	133	130
	<hr/>	<hr/>

The emoluments, excluding pension contributions, of directors of the Company were:

	1982	1981
	£30,516	£30,398
Chairman		
Other directors in scale	Number	Number
Not more than £5,000	3	3
£15,001 to £20,000	1	1
£25,001 to £30,000	1	1
£30,001 to £35,000	1	1
Employees in scale		
£20,001 to £25,000	1	—

## 5 Investment income

	1982	1981
	£000	£000
Interest on deposits	2,162	1,625
Dividends from preference shares	12	—
Income from leased assets	359	310
	<hr/>	<hr/>
Bank interest payable	2,533	1,935
	142	95
	<hr/>	<hr/>
Prompt payment discounts allowed to customers	2,391	1,840
	702	487
	<hr/>	<hr/>
	1,689	1,353
	<hr/>	<hr/>

## Saga Holidays PLC

### Notes on the Accounts continued

#### 6 Taxation

There is no charge for taxation for the year due to trading losses. Potential tax liabilities, which are not expected to crystallise for the foreseeable future, amount to £3,175,000 (1981 £3,175,000) in respect of accelerated capital allowances and other timing differences.

#### 7 Loss after taxation

The Company recorded a loss after taxation amounting to £357,000 (1981 profit £3,143,000).

#### 8 Extraordinary item

The extraordinary item consists of the legal and advertising expenditure incurred in connection with the acquisition of the business of Laker Air Travel Limited.

#### 9 Dividends

	£000	1982 £000	£000	1981 £000
Interim of 1.2p per share paid 30 April 1982		216		192
Proposed final of 2.53p per share payable 20 December 1982	456		480	
Less dividend waivers	184	272	—	480
		<u>488</u>		<u>672</u>

In view of their substantial shareholdings certain of the directors and members of their families have waived their final dividends amounting to £152,000. Total final dividend waivers amount to £184,000.

#### 10 Earnings per share

The calculation of earnings per share is based upon the loss after taxation of £136,000 (1981 earnings of £2,951,000) and on the 18,000,000 shares in issue.

#### 11 Prior year adjustment

The prior year adjustment arises from a change in accounting policy in respect of income from leased assets to bring the method of crediting income into line with ED29. Income is now recognised on the basis of the finance charge being apportioned according to the net cash investment at quarterly rests, whereas previously the total income and benefit of the lease formed the basis of income recognition.

#### 12 Interest in subsidiaries

	1982 £000	1981 £000
Shares at cost, less amounts written off	240	240
Amounts due from subsidiaries	1,101	368
	<u>1,341</u>	<u>608</u>
Amounts due to subsidiaries	31	31
	<u>1,310</u>	<u>577</u>

Heritage Hotels Limited and Saga (International) Holidays Limited, both of which are wholly owned, are the Company's main operating subsidiaries.

Notes on the Accounts continued

13 Fixed assets

	Freehold property £000	Short leasehold property £000	Furniture and equipment £000	Motor vehicles £000	Total £000
<b>Group</b>					
Cost and valuation at 30 June 1981	3,123	33	1,419	203	4,778
Additions	30	75	448	83	636
Disposals	—	—	(22)	(22)	(44)
At 30 June 1982	3,153	108	1,845	264	5,370
Aggregate depreciation	153	21	563	112	849
Net book amounts at 30 June 1982	3,000	87	1,282	152	4,521
Net book amounts at 30 June 1981	3,018	17	1,046	127	4,208
<b>Company</b>					
Cost and valuation at 30 June 1981	2,856	33	1,361	198	4,448
Additions	29	75	425	75	604
Disposals	—	—	(22)	(22)	(44)
At 30 June 1982	2,885	108	1,764	251	5,008
Aggregate depreciation	141	21	529	108	799
Net book amounts at 30 June 1982	2,744	87	1,235	143	4,209
Net book amounts at 30 June 1981	2,760	17	1,013	123	3,913
Depreciation charged in year					
Group	48	5	204	51	308
Company	45	5	195	48	293

One of the Company's freehold properties was revalued at £1,643,000 in 1979.  
The directors have not authorised any future capital expenditure (1981 nil).  
Certain of the freehold properties of the Group are secured in favour of the Group's bankers.

14 Leased assets

	1982 £000	1981 £000
Rentals receivable	4,531	4,161
Less: unearned income	333	438
	4,198	3,723

Rentals amounting to £2,176,000 (1981 £1,217,000) are receivable by 30 June 1983.  
Substantially all the remaining rentals are receivable by 30 June 1986.



**15 Amount due from TOSG**

The amount due from TOSG represents claims made by the Company on behalf of clients who rebooked holidays with the Company and assigned their rights to a refund of deposits and balance payments paid to Laker Air Travel Limited. These amounts are recoverable from the TOSG Trust Fund Limited or The Air Travel Reserve Fund Agency.

**16 Taxation recoverable**

	Group 1982 £000	1981 £000	Company 1982 £000	1981 £000
Taxation payable	(209)	(287)	(209)	(287)
Taxation recoverable	963	860	963	859
	<u>754</u>	<u>573</u>	<u>754</u>	<u>572</u>

Taxation recoverable includes advance corporation tax amounting to £415,000 (1981 £206,000) which will be recovered in future years.

**17 Investments and bank balances**

	Group 1982 £000	1981 £000	Company 1982 £000	1981 £000
Deposits with banks and local authorities	18,760	14,650	16,465	14,650
Bank balances and cash	299	123	287	100
Redeemable preference shares listed in UK (market value £249,000)	252	—	252	—
	<u>19,311</u>	<u>14,773</u>	<u>17,004</u>	<u>14,750</u>

Deposits amounting to £8,385,000 (1981 £4,325,000) will mature by 30 June 1983.

**18 Share capital**

	1982 £000	1981 £000
Authorised 22,500,000 Ordinary Shares of 20p each	4,500	1,500
Issued and fully paid 18,000,000 Ordinary Shares of 20p each	<u>3,600</u>	<u>1,200</u>

At the Extraordinary General Meeting on 11 December 1981 a resolution was approved which increased the authorised share capital to £4,500,000 and issued two new shares for every one held by capitalising reserves of £2,400,000 (note 19). At the same time an employees share savings scheme was approved under which employees of the Group were granted options on 26 February 1982 (subject to completion of 5 years savings contracts) to subscribe at 126p per share for 254,296 shares at the end of 5 years. At 30 June 1982 options outstanding under the share savings scheme amounted to 242,287 shares.

## 19 Reserves

	Retained profit £000	Revaluation surplus £000	Share premium £000	1982 Total £000	1981 Total £000
<b>Group</b>					
At 30 June 1981	5,451	1,439	245	7,135	4,856
Capitalisation of reserves (note 18)	(716)	(1,439)	(245)	(2,400)	—
Profit (loss) for year	(806)	—	—	(806)	2,279
At 30 June 1982	3,929	—	—	3,929	7,135
<b>Company</b>					
At 30 June 1981	5,694	1,439	245	7,378	4,907
Capitalisation of reserves (note 18)	(716)	(1,439)	(245)	(2,400)	—
Profit (loss) for year	(845)	—	—	(845)	2,471
At 30 June 1982	4,133	—	—	4,133	7,378

## 20 Contingencies

The Group's interest in the share capital of Algarve Developments (Portugal) Empreendimentos Turisticos SARL was sold in August 1973 and part of the consideration was payable in five annual tranches. The last four such tranches have not been paid and the anticipated profit and accrued interest has not been reflected in the accounts of the Group. This debt amounts to Swiss francs 770,000 which, expressed in sterling at the rate ruling at 30 June 1982 amounts to £211,000. This debt has not been reflected in the accounts owing to the uncertainty as to its recoverability. A liability of £78,000 in respect of corporation tax would arise if this debt was recovered.

At 30 June 1982 there were contingent liabilities under counter indemnities given to the Company's bankers in respect of the ABTA bond amounting to £4,300,000 (1981 £1,700,000) and in respect of a guarantee of £500,000 to the Receiver of Laker Air Travel Limited. These liabilities, and other present or future liabilities, of the Company to the National Westminster Bank PLC are secured on certain of the Group's assets.

## Report of the Auditors

We have examined the accounts of Saga Holidays PLC set out on pages 8 to 17. These have been prepared under the historical cost convention as explained in note 1a. Our audit has been carried out in accordance with approved 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, so far as concerns members of the Company, at 30 June 1982 and of the loss, changes in retained profits and source and application of funds of the Group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the abridged current cost accounts set out on pages 18 to 20 have been properly prepared in accordance with the policies and methods described in notes 1 to 5 to give the information required by Statement of Standard Accounting Practice No. 16.

Ernst & Whinney  
Chartered Accountants  
London  
26 October 1982

*Ernst & Whinney*

# Current Cost Accounts

## Consolidated Profit and Loss Account

For the year ended 30 June 1982

	Note	£000	1982 £000	1981 £000
Turnover			<u>48,331</u>	<u>30,025</u>
Profit (loss) before taxation as in the historical cost accounts			(136)	2,951
Current cost adjustments				
Additional depreciation	2	(15)		(16)
Additional cost of hotel stocks	3	(7)		(7)
Decrease in worth of net monetary liabilities	4	<u>39</u>		<u>(202)</u>
			<u>17</u>	<u>(225)</u>
Current cost operating profit (loss) before taxation			(119)	2,726
Taxation			<u>—</u>	<u>—</u>
Current cost profit (loss) after taxation			(119)	2,726
Extraordinary item			<u>(182)</u>	<u>—</u>
			(301)	2,726
Dividends			<u>488</u>	<u>672</u>
Current cost profit (loss) for the year			<u>(789)</u>	<u>2,054</u>
Current cost earnings per share			(0.66p)	15.14p

# Current Cost Accounts Consolidated Balance Sheet

As 30 June 1982

Assets employed	Note	£000	1982 £000	1981 £000
Fixed assets	6		4,565	4,255
Net current assets			3,008	4,127
			<u>7,573</u>	<u>8,382</u>
Financed by				
Share capital			3,600	1,200
Reserves as in historical accounts		3,929		7,135
Less: realised current cost adjustments for previous years		(417)		(192)
realised current cost adjustments for current year		<u>17</u>		<u>(225)</u>
			3,529	6,718
			<u>7,129</u>	<u>7,918</u>
Capital maintenance reserve	8		444	464
			<u>7,573</u>	<u>8,382</u>

# Notes on the Current Cost Accounts

## 1 Basis

The current cost accounts have been prepared on the basis of Statement of Standard Accounting Practice No. 16. The accounting policies described in Note 1 to the historical cost accounts have been used for these accounts. All adjustments have been calculated using appropriate government indices.

## 2 Additional depreciation

The additional depreciation is based on the difference between the historical and the replacement cost of fixed assets. The current value of the Group's properties is not materially different from that shown in the historical cost accounts; accordingly no adjustment has been made to their values in the current cost accounts.

## 3 Additional cost of hotel stocks

The additional cost of hotel stocks is based on the difference between the historical and the replacement cost of hotel stocks.

## 4 Decrease in worth of net monetary liabilities

The decrease reflects the effect of price increases on the average figure for consolidated net monetary liabilities (1981 assets) held at the beginning and end of the financial year.

## 5 Gearing

A gearing adjustment has not been made as the Group has surplus funds in excess of its operating requirements and no long-term external finance exists other than shareholders' funds.

6 Fixed assets	Current cost £000	Depreciation £000	1982	1981
			Net book value £000	Net book value £000
Properties	3,289	196	3,093	3,045
Furniture and equipment	1,889	587	1,302	1,068
Motor vehicles	310	140	170	142
	<u>5,488</u>	<u>923</u>	<u>4,565</u>	<u>4,255</u>

## 7 Net operating assets

The net operating assets comprise fixed assets amounting to £4,564,000 (1981 £4,255,000) and monetary working liabilities (1981 assets) amounting to £3,225,000 (1981 £2,220,000).

## 8 Capital maintenance reserve

	1982 £000	1981 £000
Balance at 30 June 1981	464	254
Revaluation movements reflecting price changes	(3)	(15)
	<u>461</u>	<u>239</u>
Current cost adjustments	(17)	225
Balance at 30 June 1982	<u>444</u>	<u>464</u>

# Five Year Financial Summary

	1982 £000	1981 £000	1980 £000	1979 £000	1978 £000
<b>Turnover</b>	48,331	30,025	25,889	23,334	18,730
<b>Profit (loss) before taxation</b>	(136)	2,951	2,433	2,035	1,908
<b>Taxation</b>	—	—	78	1,040	975
<b>Profit (loss) after taxation</b>	(136)	2,951	2,355	995	933
<b>Extraordinary items</b>	(182)	—	—	—	—
<b>Dividends</b>	488	672	540	400	270
<b>Profit (loss) for the year</b>	(806)	2,279	1,815	595	663
<b>Earnings per share</b>	(0.76p)	16.39p	13.08p	5.53p	5.18p
<b>Dividends per share</b>	3.73p	3.73p	3.00p	2.50p	1.50p
	1982 £000	1981 £000	1980 £000	1979 £000	1978 £000
<b>Fixed assets</b>	4,521	4,208	3,235	3,022	1,220
<b>Investments and bank balances</b>	15,911	12,907	9,905	10,493	10,052
<b>Other current assets</b>	12,675	8,884	4,163	1,594	1,414
	28,586	21,791	14,068	12,087	11,466
<b>Current liabilities</b>	25,578	17,664	11,247	10,868	10,479
<b>Net current assets</b>	3,008	4,127	2,821	1,219	987
<b>Shareholders' funds</b>	7,529	8,335	6,056	4,241	2,207

## Notice of Annual General Meeting

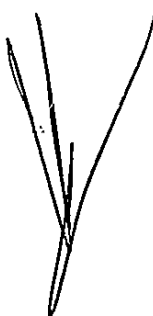
Notice is hereby given that the annual general meeting of Saga Holidays PLC will be held at The Burlington Hotel, Earls Avenue, Folkestone, Kent at 2.30 p.m. on 17 December 1982 to transact the following business:

- 1 To receive and adopt the directors' report and audited accounts for the year ended 30 June 1982.
- 2 To declare a final dividend.
- 3 To re-elect a director: Mr A R Deacon.
- 4 To re-elect a director: Mr M E Hatch.
- 5 To re-appoint the auditors.
- 6 To authorise the directors to determine the remuneration of the auditors.
- 7 Special Resolution:  
To renew the power given to the Board of Directors of the Company under Article 8 of the Articles of Association of the Company to allot Equity Securities in accordance with Section 18 (1) of the Companies Act 1980 until the conclusion of the next annual general meeting of the Company.

By order of the Board

Secretary

26 October 1982



### Notes

- 1 Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
- 2 There are no contracts of service between the directors and the Company or any of its subsidiary companies.

# Form of Proxy

I/We .....  
of .....  
.....

Member(s) of the Company, HEREBY APPOINT Sidney De Haan;  
or failing him; Roger De Haan (both directors of the Company);  
or failing him \*as my/our proxy to  
attend for me/us and on my/our behalf at the Annual General  
Meeting of the Company, to be held on Friday, 17 December 1982  
and at every adjournment thereof.

Dated this ..... 1982

Signature(s) .....  
.....

Please tick in the appropriate space below how you wish your votes to  
be cast. Where this is not done the proxy will be used in favour of the  
resolution.

RESOLUTIONS	FOR	AGAINST
1 To adopt the Report and Accounts		
2 To declare a final dividend		
3 To re-elect Mr A R Deacon director		
4 To re-elect Mr M E Hatch director		
5 To re-appoint the auditors		
6 To authorise the directors to determine the remuneration of the auditors		
7 To renew the powers of the directors to allot Equity Securities		

## Notes

1 This form should be posted so as to arrive at the Transfer Office not less than forty-eight hours before the time of the meeting.

2 If the appointer is a Corporation, this proxy must be either under its Common Seal or signed on its behalf by an attorney or a duly authorised officer.

3 In the case of joint holders, only one of such holders need sign. The vote of a senior who tenders a vote shall be accepted to the exclusion of the other joint holders; and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the share.

4 \*If it is desired to appoint a proxy other than those above stated, their names should be deleted and the name of the desired proxy or proxies substituted.

TEAR ALONG THIS PERFORATION