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SAGA HOLIDAYS PLC

ANNUAL REPORT
& ACCOUNTS
31 OCTOBER 1984

SAGA



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Summary of Results

	1984 12 months £000	1983 16 months £000
Turnover	65,756	90,767
Profit on ordinary activities before taxation	2,554	2,435
Profit on ordinary activities after taxation	1,660	1,435
Extraordinary item	(2,073)	—
Shareholders' funds	6,931	8,064
Earnings per ordinary share	9.22p	7.97p
Dividends per ordinary share	4.00p	5.00p
Net assets per ordinary share	38.51p	44.80p

Chairman's Statement

In this my first annual statement I am able to report an increase in pre-tax profits for the 12 month period to £2,554,000 which represents an improvement of 4.9% over the previous 16 month period. Turnover in the year was £65,756,000.

Net assets fell during the year from £8,064,000 to £6,931,000 at 31 October 1984 as a result of the extraordinary provision for deferred taxation required by changes implemented in the 1984 Finance Act.

Total investments rose from £13,480,000 to £16,928,000.

The Board is recommending a final dividend of 2.7p per share, making a total of 4.0p for the year compared with 5.0p for the previous 16 months. This dividend will be paid to shareholders on the register at the close of business on 21 March 1985.

Tour Operating – UK

As indicated in my Interim Statement, trading in the UK was difficult throughout the period under review. We experienced reductions in demand for both domestic and European holidays and also for cruising. This was to some extent offset by increases in sales of our long haul programme, but overall turnover generated in the UK showed a slight decline against the previous comparable period. The competitive environment within the holiday industry kept gross margins under pressure despite an improvement in load factors on our charter aircraft. We were however able to reduce overheads significantly by making more cost effective use of our promotional budget and by reducing head office costs.

The Heritage Hotels division experienced some increase in sales during the year on maintained margins and increased occupancy levels.

An important theme of the last financial year, and one which continues, has been our commitment to improving standards of quality throughout our tour operating programme. This has involved the improvement of our already high standard of passenger handling, so essential when dealing with more elderly customers. In addition we have worked closely with our suppliers to upgrade the quality of hotel accommodation and facilities to achieve yet higher standards.

Chairman's Statement continued

We have also made significant strides in streamlining the company's management systems, introducing improved techniques of planning and budgetary control and broadening the middle management base.

Tour Operating – North America

1983/84 was a good year for Saga International, justifying our confidence that a successful North American version of the 'Saga formula' had been developed by achieving a 43% improvement in sales over the previous twelve months.

Progress in this market has been assisted by the strength of the dollar in that it has created an extremely favourable financial environment for Americans travelling in Europe. Clearly this has assisted us in achieving faster growth than that originally expected.

We also continued our development of a domestic American holiday programme which, whilst remaining a small part of our overall operation there, achieved a good increase in sales during the year.

Investments and Leasing

Income from investments was £1,502,000, an increase of 15.7% over the previous twelve months. The Company has decided against investment in any new equipment leases in view of the changes brought about by the Finance Act 1984. We intend to continue placing customers' advance receipts in first class medium and long term interest bearing deposits.

Current trading

In the last few months UK bookings for holidays to be taken in the current financial year have not maintained the strong increases experienced earlier in the booking period. However present analysis shows that figures are still running somewhat ahead of last year and if these trends are maintained we will be satisfied with our performance in the difficult UK holiday market.

Chairman's Statement continued

In the United States Saga continues to prosper. Bookings are well ahead of last year and we expect this to be maintained. As I have mentioned, the extraordinary success of this venture must owe something to the strength of the dollar. But this success is enabling us to do much that is extending and consolidating the loyalty of our customers, which is so essential to profitability.

The concept of carefully extending the Saga formula to countries overseas is one which we intend to continue. During 1985 we expect to open a new overseas office in another area where there exists a strong demand for holidays in the UK and other European countries. It is expected that this office will begin operating in late 1985.

Overall I believe that the Group will continue to make progress during the current year, and I remain optimistic for the longer term.

As shareholders will know, my father, Sidney De Haan, who founded the company retired on 30 June last year. He is enjoying a well earned retirement and naturally takes great interest in what we are doing. A career of over 30 years in the holiday industry was marked by the New Year's Honours List in which he received the OBE in recognition of his special contribution to the tourist industry as Chairman of Saga.

We also said goodbye to John Moss during the year after 14 years as a director. I wish him a long and happy retirement.

I would like to welcome to the Board, Peter Carr, as commercial director. He has been with us 7 years and is responsible for Buying and Product Development.

Finally, let me thank all staff for their commitment during the year both to the company and its customers.

28 February 1985



Roger De Haan
Chairman

Directors' Report

The directors submit their report together with the audited accounts of the Group for the twelve months ended 31 October 1984.

Review of business and principal activities

The principal activities of the Group consist of providing inclusive holidays in the United Kingdom and overseas to British and American customers. The Group also owns and operates hotels in the United Kingdom.

The chairman's statement set out on pages 3 to 5 contains a review of the development of the business of the Group during the period.

Saga International, our American operation, has traded successfully contributing 30% of Group turnover and 42% of Group profitability.

Results and dividends

The profit of the Group before taxation for the year was £2,554,000 (1983 16 months £2,435,000). After taxation the profit available for distribution is £1,660,000 (1983 16 months £1,435,000). Of this, £720,000 (1983 16 months £900,000) is accounted for by dividends, both paid and proposed, with the balance of £940,000 (1983 £535,000) being retained.

The recommended final dividend on the Ordinary Shares is 2.7p per share. Taken together with the interim dividend of 1.3p per share, a total of 4.0p per share will have been paid for the year. This year's dividend compares with two interim dividends and a final dividend totalling 5.0p paid for the sixteen months ended 31 October 1983. This year's total of 4.0p compares with 3.75p (5.0p annualised); an increase of 6.67%.

If the recommended dividend is approved, warrants will be posted on 17 April 1985 to shareholders on the register at the close of business on 21 March 1985.

Extraordinary item

As a result of changes implemented in the Finance Act 1984 the directors have reassessed the need to provide for deferred taxation. An amount of £2,073,000 required at 31 October 1983 has been charged as an extraordinary item.

Directors

R M De Haan was appointed Chairman and Managing Director on 30 June 1984 upon the retirement of S De Haan, founder of the Company. P Carr was appointed as a director on 25 October 1984. In accordance with the Articles he retires and being eligible offers himself for re-election. A R Deacon and M E Hatch retire by rotation and being eligible offer themselves for re-election. A G C Jones resigned and S J Moss retired from the Company on 7 September 1984 and 31 October 1984 respectively.

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

	31 October 1984		31 October 1983	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
R M De Haan	2,123,600	2,253,502	2,123,600	2,153,502
P C De Haan	1,969,424	2,313,502	1,969,424	2,213,502
R D Crick	52,503	—	52,503	—
J Foster	49,176	—	49,176	—
M E Hatch	5,000	—	5,000	—
P Carr	—	—	—	—
A R Deacon	—	—	—	—

The above non-beneficial interests apply to a total of 2,313,502 (1983 2,213,502) shares.

R M De Haan has an option on 3,095 ordinary shares under the 1981 Savings-Related Share Option Scheme.

No change in any of these interests had been notified to the Company by 28 February 1985.

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

Directors' Report continued

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 28 February 1985 except the directors and the following:

	Number of shares	Percentage held
S De Haan	1,278,204	7.10%
DDH Investments Limited	1,256,922	6.98%
Wakari Investments Limited	1,351,238	7.51%

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 £41,371. No political donations were made during the year.

Capital commitments

The directors have authorised capital expenditure amounting to £1,022,000 of which £190,000 had been contracted for at 31 October 1984. The majority of the total sum is represented by investment in computer and telephone equipment.

Employee involvement

During the year the Group has maintained the practice of keeping employees informed about current activities and progress by various methods including in-house publications. Participation and involvement are encouraged including participation in the Group's Share Option Scheme.

Employees share saving scheme

All full-time United Kingdom employees (including directors) of the Group who have completed at least two years' continuous service are eligible to participate in the Scheme. Savings contracts for a five year period to the value of £30,124 have been entered into which at the option price of 97p per share would finance the issue of a total of 29,220 shares at the end of such period. Total savings contracts at 31 October 1984 at the various option prices will finance the issue of a total of 146,958 shares.

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.

28 February 1985

By Order of the Board

Secretary

Consolidated Profit and Loss Account

For the twelve months ended 31 October 1984

	Note	1984 12 months £000	1983 16 months £000
Turnover	3	65,756	90,767
Cost of sales		(52,077)	(74,219)
Gross profit		13,679	16,548
Administrative and marketing expenses		(12,627)	(15,650)
Net investment income	4	1,502	1,537
Operating profit before taxation	5	2,554	2,435
Tax on profit on ordinary activities	8	(894)	(1,000)
Profit on ordinary activities after taxation		1,660	1,435
Dividends	10	(720)	(900)
		940	535
Reserves brought forward		4,464	3,929
Extraordinary item	11	(2,073)	—
Reserves carried forward		3,331	4,464
Earnings per share	12	9.22p	7.97p
Dividend per share	10	4.00p	5.00p

Consolidated Balance Sheet

At 31 October 1984

	Note	31 October 1984 £000	31 October 1983 £000
Fixed assets			
Tangible assets	13	4,791	4,675
Current assets			
Investments	15	16,928	13,480
Debtors	16	7,258	8,338
Deferred expenditure		1,597	1,023
Stocks	18	130	101
Cash at bank and in hand		385	187
		<u>26,298</u>	<u>23,129</u>
Creditors — amounts falling due within one year	19	<u>22,656</u>	<u>19,740</u>
Net current assets		<u>3,642</u>	<u>3,389</u>
Total assets less current liabilities		<u>8,433</u>	<u>8,064</u>
Provisions for liabilities and charges	20	<u>1,502</u>	<u>—</u>
		<u>6,931</u>	<u>8,064</u>
Capital and reserves			
Called-up share capital	21	3,600	3,600
Profit and loss account	22	3,331	4,464
		<u>6,931</u>	<u>8,064</u>

Directors

28 February 1985



Source and Application of Funds

For the twelve months ended 31 October 1984

	31 October 1984		16 months ended 31 October 1983	
	£000	£000	£000	£000
Source of funds				
Profit for the period before taxation		2,554		2,435
Depreciation		431		487
Generated from operations		2,985		2,922
Corporation tax recovered	—		510	
Fixed assets sold (book value)	58		199	
		58		709
		3,043		3,631
Application of funds				
Acquisition of tangible fixed assets	605		840	
Dividends paid	918		488	
Taxation paid	915		974	
		2,438		2,302
Increase in working capital		605		1,329
Movement in working capital				
Investments – increase (decrease)	3,448		(5,532)	
Debtors and stocks – decrease	(961)		(1,991)	
Deferred expenditure – increase (decrease)	574		(537)	
Advance holiday receipts – (increase) decrease	(2,262)		8,279	
Creditors – increase	(1,033)		(1,175)	
		(234)		(956)
Net liquid funds – increase		839		2,285
		605		1,329

Company Balance Sheet

At 31 October 1984

	Note	31 October 1984 £000	31 October 1983 £000
Fixed assets			
Tangible assets	13	4,516	4,212
Investment in subsidiaries	14	261	490
		<u>4,777</u>	<u>4,702</u>
Current assets			
Investments	15	14,676	10,946
Debtors	16	6,476	9,708
Deferred expenditure		1,353	896
Stocks	18	130	82
Cash at bank and in hand		380	170
		<u>23,015</u>	<u>21,802</u>
Creditors — amounts falling due within one year	19	20,149	18,080
		<u>2,866</u>	<u>3,722</u>
Net current assets			
		<u>7,643</u>	<u>8,424</u>
Total assets less current liabilities			
Provisions for liabilities and charges	20	1,502	—
		<u>6,141</u>	<u>8,424</u>
Capital and reserves			
Called-up share capital	21	3,600	3,600
Profit and loss account	22	2,541	4,824
		<u>6,141</u>	<u>8,424</u>

Directors

28 February 1985

1 Accounting Policies

a Accounting convention

The accounts are prepared under the historical cost convention 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 twelve months ended 31 October 1984.

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 properties	2% per annum
Short leaseholds	Over the period of the lease
Furniture and equipment	5% to 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 Advance holiday receipts

All booking fees and balance payments, net of value added tax, for holidays with starting dates after the year end are treated as receipts in advance at the balance sheet date and are separately disclosed within creditors.

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 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 all timing differences which are not expected to continue in 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. 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 temporal method.

j 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.

k Pension benefits

Pension benefits are funded over the employee's period of service. The company's contributions are based on the most recent actuarial valuation of the fund.

Notes on the Accounts continued

2 Turnover

Turnover stated represents the sales value of holidays with starting dates in the accounting period, advertising and subscription income and revenue from the Group's hotels. Turnover excludes value added tax and sales between Group companies. Turnover arising from leasing activities, amounting to £1,515,000 (1983 16 months £2,216,000) is not included.

3 Analysis of turnover and profits between activities and markets

	Turnover		Contributions to profit	
	1984 12 months £000	1983 16 months £000	1984 12 months £000	1983 16 months £000
Tour operations	65,756	90,767	2,303	2,148
Leasing	1,515	2,216	251	287
	<u>67,271</u>	<u>92,983</u>	<u>2,554</u>	<u>2,435</u>
United Kingdom	47,796	76,004		
North America	19,475	16,979		
	<u>67,271</u>	<u>92,983</u>		

4 Net investment income

	1984 12 months £000	1983 16 months £000
Interest on deposits	2,038	2,655
Income from preference shares	33	93
Income from leased assets	251	287
	<u>2,322</u>	<u>3,035</u>
Bank interest payable	(67)	(195)
Prompt payment discounts allowed to customers	(753)	(1,303)
	<u>1,502</u>	<u>1,537</u>

5 Operating profit is stated after charging:

	1984 12 months £000	1983 16 months £000
Depreciation and amortisation	431	487
Goodwill written off	—	5
Hire of equipment	87	93
Auditors' remuneration	106	115
Emoluments of directors of the Company (note 6)	231	206

Notes on the Accounts continued

6 Emoluments of directors

	1984 12 months £000	1983 16 months £000
Fees	33	23
Remuneration	143	175
Pensions to former directors	17	8
Compensation for loss of office	38	—
	<u>231</u>	<u>206</u>

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

	1984 12 months	1983 16 months
Chairmen		
R M De Haan (emoluments for the year)	£41,529	—
S De Haan (emoluments to 30 June 1984)	£27,683	£47,918
Other directors in scale:	Number	Number
Up to £5,000	1	—
£5,001 to £10,000	4	3
£20,001 to £25,000	1	—
£25,001 to £30,000	—	1
£30,001 to £35,000	1	—
£40,001 to £45,000	—	1
£45,001 to £50,000	—	1
	<u> </u>	<u> </u>

7 Staff costs

	1984 12 months £000	1983 16 months £000
Wages and salaries	4,958	6,296
Social security costs	449	565
Other pension costs	224	203
	<u>5,631</u>	<u>7,064</u>
Average number of persons employed	<u>917</u>	<u>906</u>

Notes on the Accounts continued

8 Tax on profit on ordinary activities

The charge based on the profit for the year comprises:

	1984 12 months £000	1983 16 months £000
UK corporation tax @ 47% (1983 52%)	1,350	988
Tax on franked investment income	9	12
Overseas taxes	106	—
	<hr/>	<hr/>
Deferred tax (note 20)	1,465 (571)	1,000 —
	<hr/>	<hr/>
	894	1,000

The tax charge for the year has been reduced by approximately £419,000 (1983 Nil) in respect of US trading losses brought forward which are available for relief against US Federal tax liabilities. Further US trading losses carried forward are expected to reduced future liabilities to US Federal tax by approximately £125,000.

9 Profit on ordinary activities after taxation

Of the profit on ordinary activities after taxation £510,000 (1983 16 months £1,591,000) has been dealt with in the accounts of the Company. The directors have taken advantage of the exemption given by the Companies Act 1948 Section 149 (5) in not separately publishing a Company Profit and Loss Account.

10 Dividends

	1984 12 months Pence per share	1983 16 months Pence per share	1984 12 months £000	1983 16 months £000
Interim	1.30	1.20	234	216
Second interim	—	1.20	—	216
Final	2.70	2.60	486	468
	<hr/>	<hr/>	<hr/>	<hr/>
	4.00p	5.00p	720	900

11 Extraordinary item

As a consequence of the Finance Act 1984 in which there are changes in capital allowances and corporation tax over the next three years, the directors have reassessed the level of deferred tax provision required. Accordingly, the amount arising in respect of capital expenditure up to the year ended 31 October 1983 has been treated as an extraordinary item; the amount provided has been calculated to take account of the proposed reductions in the rate of corporation tax.

The presentation of extraordinary items in the consolidated profit and loss account is not strictly in accordance with the intention of Statement of Standard Accounting Practice No. 6 because, in the opinion of the directors, to deduct the deferred tax adjustment before deducting dividends would give a misleading view. If extraordinary charges for the year had been disclosed as intended by Statement of Standard Accounting Practice No. 6 there would have been shown a loss for the financial year of £413,000 (1983 profit £1,435,000).

12 Earnings per share

The calculation of earnings per share is based upon the profit after taxation of £1,660,000 (1983 16 months £1,435,000) and on the 18,000,000 shares in issue.

13 Tangible fixed assets

	Freehold property £000	Short leasehold property £000	Furniture and equipment £000	Motor vehicles £000	Total £000
Group					
Cost or valuation:					
At 31 October 1983	3,319	34	2,277	297	5,927
Additions	68	19	405	113	605
Disposals	20	—	22	104	146
At 31 October 1984	3,367	53	2,660	306	6,386
Depreciation:					
At 31 October 1983	220	22	879	131	1,252
Charge for period	51	6	317	57	431
Disposals	—	—	22	66	88
At 31 October 1984	271	28	1,174	122	1,595
Net book amounts at 31 October 1984	3,096	25	1,486	184	4,791
Net book amounts at 31 October 1983	3,099	12	1,398	166	4,675
Company					
Cost or valuation:					
At 31 October 1983	3,050	28	2,001	277	5,356
Additions	68	—	253	112	433
Inter company transfers	249	—	84	—	333
Disposals	—	—	21	94	115
At 31 October 1984	3,367	28	2,317	295	6,007
Depreciation:					
At 31 October 1983	204	21	799	120	1,144
Charge for period	48	4	255	59	366
Inter company transfers	19	—	44	—	63
Disposals	—	—	21	61	82
At 31 October 1984	271	25	1,077	118	1,491
Net book amounts at 31 October 1984	3,096	3	1,240	177	4,516
Net book amounts at 31 October 1983	2,846	7	1,202	157	4,212

In 1979 a freehold property of the Company was revalued at £1,663,000 on an open market existing use basis.

If the property had not been revalued the comparable amounts based on historic cost would have been:

	Group £000	Company £000
Cost	1,822	1,822
Depreciation	112	112
Net book amount at 31 October 1984	1,710	1,710
Net book amount at 31 October 1983	1,740	1,740

Notes on the Accounts continued

The majority of the freehold properties of the Group are secured in favour of the Group's bankers.

The directors have contracted for future capital expenditure amounting to £190,000 (1983 nil) and have authorised, but not contracted for, future capital expenditure amounting to £832,000 (1983 £60,000).

14 Investment in subsidiaries

	1984 12 months £000	1983 16 months £000
Shares in subsidiaries at cost		
At 31 October 1983	632	382
Additions	—	250
Liquidation of dormant subsidiaries	(142)	—
At 31 October 1984	490	632
Provision for diminution in value		
At 31 October 1983	142	142
Additional provision	229	—
Liquidation of dormant subsidiaries	(142)	—
	229	142
Net book amount at 31 October 1984	261	490

Saga International Holidays Limited, incorporated in the United States of America, and Heritage Hotels Limited incorporated in the United Kingdom, both of which are wholly owned, were the Company's main operating subsidiaries during the year. The business and the assets and liabilities of Heritage Hotels Limited were transferred to the Company on 31 October 1984.

15 Current Asset Investments

	31 October 1984		31 October 1983	
	Group £000	Company £000	Group £000	Company £000
Redeemable preference shares listed in UK (market value £338,000 – 1983 £268,000)	382	382	271	271
Deposits with banks and local authorities	16,546	14,294	13,209	10,675
	16,928	14,676	13,480	10,946

Deposits and redeemable preference shares amounting to £7,932,000 (1983 £9,471,000) 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 Debtors

	31 October 1984		31 October 1983	
	Group £000	Company £000	Group £000	Company £000
Leased assets (note 17)	2,811	2,811	4,145	4,145
Other trade debts	1,032	990	1,479	1,240
Amounts owed by subsidiaries	—	20	—	1,800
Other debtors	1,027	847	529	460
Prepayments	1,969	1,389	1,676	1,530
Taxation recoverable	211	211	242	242
ACT recoverable	208	208	267	291
	7,258	6,476	8,338	9,708

With the exception of amounts referred to in note 17 and the ACT recoverable all other debtors fall due within one year.

Notes on the Accounts continued

17 Leased assets

	31 October 1984	31 October 1983
	£000	£000
Rentals receivable	2,839	4,432
Less: Unearned income	28	287
	<u>2,811</u>	<u>4,145</u>

Rentals amounting to £1,213,000 (1983 £1,554,000) are receivable by 31 October 1985. Substantially all the remaining rentals are receivable by 31 October 1988.

18 Stocks

	31 October 1984		31 October 1983	
	Group	Company	Group	Company
	£000	£000	£000	£000
Food, liquor and maintenance stocks	<u>130</u>	<u>130</u>	<u>101</u>	<u>82</u>

Replacement cost of the stocks approximates to the value stated in the accounts.

19 Creditors

	31 October 1984		31 October 1983	
	Group	Company	Group	Company
	£000	£000	£000	£000
Bank overdraft	321	106	962	738
Advance holiday receipts	12,677	11,374	10,415	9,458
Trade creditors	6,039	5,639	5,627	5,263
Amount owed to subsidiaries	—	1	—	31
Corporate taxation	751	721	291	291
Other taxation and social security	391	363	234	198
Other creditors	434	428	1,132	1,067
Accruals and deferred income	1,557	1,031	395	350
Dividends	486	486	684	684
	<u>22,656</u>	<u>20,149</u>	<u>19,740</u>	<u>18,080</u>

With the exception of £36,000 advance holiday receipts all amounts fall due within one year.

20 Provision for liabilities and charges

	Group	Deferred Tax	Company
	£000		£000
Balance at 31 October 1983	—		—
Extraordinary item (note 11)	2,073		2,073
Released to profit and loss account	(571)		(571)
Balance at 31 October 1984	<u>1,502</u>		<u>1,502</u>

Full provision has been made in both the Group and Company for the deferred tax liability on accelerated capital allowances and short term timing differences. No provision has been made for the potential capital gains tax liability of £374,000 which would arise on the sale of the freehold property at the revalued amount. At 31 October 1984 the full potential liability of the Group for deferred tax was £1,876,000 (1983 £3,843,000). The full potential liability of the Company was £1,876,000 (1983 £3,790,000).

Notes on the Accounts continued

21 Called-up share capital

	31 October 1984 £000	31 October 1983 £000
Authorised 22,500,000 Ordinary Shares of 20p each	4,500	4,500
Allotted and fully paid 18,000,000 Ordinary Shares of 20p each	3,600	3,600

22 Reserves

	31 October 1984		31 October 1983	
	Group £000	Company £000	Group £000	Company £000
At 31 October 1983	4,464	4,824	3,929	4,133
Profit on ordinary activities after taxation	1,660	510	1,435	1,591
	6,124	5,334	5,364	5,724
Dividends	(720)	(720)	(900)	(900)
Extraordinary item (note 11)	(2,073)	(2,073)	—	—
At 31 October 1984	3,331	2,541	4,464	4,824

23 Contingencies

At 31 October 1984 there were contingent liabilities under counter indemnities given to the Company's bankers in respect of the ABTA bond amounting to £5,700,000 (1983 £6,700,000). These liabilities, and other present or future liabilities, of the Company are secured on certain of the Group's assets.

24 Current cost accounts

The directors have considered the usefulness of current cost accounts prepared for past years. They are of the opinion that such information does not add to a member's or a potential investor's understanding of the Company's profitability or financial situation. Accordingly they have decided not to produce such information this year.

Report of the Auditors

We have examined the accounts of Saga Holidays PLC set out on pages 8 to 19. 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 31 October 1984 and of the profit, 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.

The financial statements do not contain the current cost accounts required by Statement of Standard Accounting Practice No. 16.

Ernst & Young
London
28 February 1985

Five Year Financial Summary

	1984 12 months £000	1983 16 months £000	1982 12 months £000	1981 12 months £000	1980 12 months £000
Turnover	65,756	90,767	49,350	30,710	26,465
Profit (loss) on ordinary activities before taxation	2,554	2,435	(136)	2,951	2,433
Taxation	894	1,000	—	—	78
Profit (loss) on ordinary activities after taxation	1,660	1,435	(136)	2,951	2,355
Extraordinary item	(2,073)	—	(182)	—	—
Dividends	720	900	488	672	540
Earnings per share	9.22p	7.07p	(0.76p)	16.39p	13.08p
Dividends per share	4.00p	5.00p	3.73p	3.73p	3.00p
	31 October 1984 £000	31 October 1983 £000	30 June 1982 £000	30 June 1981 £000	30 June 1980 £000
Tangible fixed assets	4,791	4,675	4,521	4,208	3,235
Investments	16,928	13,480	19,012	14,650	11,650
Other current assets	9,370	9,649	12,784	9,007	4,197
	26,298	23,129	31,796	23,657	15,847
Current liabilities	22,656	19,740	28,788	19,530	13,026
Net current assets	3,642	3,389	3,008	4,127	2,821
Shareholders' funds	6,931	8,064	7,529	8,335	6,056

Share Information

Analysis of Shareholders at 31 October 1984

	Shareholders	Ordinary shares held	%
The holdings of the De Haan family and other directors	10	11,317,041	62.87
Other shareholdings of:			
150,001 and over	11	3,610,926	20.06
30,001 to 150,000	15	1,149,248	6.38
15,001 to 30,000	7	195,733	1.09
6,001 to 15,000	23	251,450	1.40
3,001 to 6,000	61	273,849	1.52
Up to 3,000	1,502	1,201,753	6.68
	1,629	18,000,000	100.00

General Information

Directors

P Carr
R D Crick
A R Deacon
P C De Haan
R M De Haan *Chairman*
J Foster
M E Hatch

Secretary and Registered Office

P C De Haan FCA
Enbrook House
Sandgate
Folkestone, Kent CT20 3SG

Registrars and Transfer Office

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

Solicitors

Lovell, White & King
London

Auditors

Ernst & Whinney
London

Principal Bankers

National Westminster Bank PLC
Folkestone

Brokers

Scrimgeour, Kemp-Gee & Co.
London

Representation in the USA: Saga International Holidays Limited**Local Directors**

L Bragg III
J Foster *President*
M Galper
R Levine

Office Address

120 Boylston Street
Boston 02116
Massachusetts

Lawyers

Ropes & Gray
Boston

Bankers

The First National Bank of Boston
Boston

Financial Calendar

Ex-dividend date
Report and accounts posted to shareholders
Record date of final dividend
Annual General Meeting
Payment of final dividend
Announcement of interim figures and dividend
End of financial year

11 March 1985
20 March 1985
21 March 1985
15 April 1985
17 April 1985
August 1985
31 October 1985

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of Saga Holidays PLC will be held at The Palace Hotel, Buxton, Derbyshire at 2.30 p.m. on 15 April 1985 to transact the following business:

- 1 To receive and adopt the directors' report and audited accounts for the twelve months ended 31 October 1984.
- 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 elect a director: Mr P Carr.
- 6 To re-appoint the auditors.
- 7 To authorise the directors to determine the remuneration of the auditors.
- 8 As special business, to consider and, if thought fit, to pass the following Resolution which will be proposed as a Special Resolution:

Special Resolution

That 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 (as defined in article 2 of the Articles of Association of the Company) as if section 17 (1) of the Companies Act 1980 did not apply to the allotment (which power is subject to the restrictions contained in the said article 8) be and it is hereby renewed until the conclusion of the next Annual General Meeting of the Company.

By Order of the Board

Secretary

28 February 1985

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 A copy of the service contract of Mr. M. J. Foster will be available for inspection at the registered office during usual business hours on any week day until 15 April. On 15 April at the Palace Hotel, Buxton, the service contract will be available for inspection 15 minutes prior to the start of the Annual General Meeting.
- 3 The purpose of Resolution 8 is as follows:
The Companies Act, 1980 provides that, when Equity Securities are being issued wholly for cash, such securities must first be offered pro rata to all existing Ordinary Shareholders unless the Board is given authority to allot them without regard to that requirement. Resolution 8, if passed, will therefore empower the Board to allot for cash Equity Securities in connection with a rights issue and, additionally, of a nominal amount not exceeding £225,000 without first offering such securities to existing Shareholders, furthermore, securities may be allotted pursuant to any Employees' Share Scheme without counting towards the limit of £225,000. This Resolution renews the authority given to Directors in the Articles of Association, renewed at the Annual General Meeting on 28 March 1984 and extends it to the date of the 1986 Annual General Meeting. Thereafter Shareholders will be asked to renew this authority annually. Any issue of shares for cash, made otherwise than in connection with a rights issue, will, however, still be subject to the prior consent of The Stock Exchange.

FORM OF PROXY

I/We

of

Member(s) of the Company, HEREBY APPOINT Roger De Haan;
or failing him; Maurice Hatch (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 Monday, 15 April 1985 and at
every adjournment thereof.

Dated this 1985

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 as a director		
4 To re-elect Mr M E Hatch as a director		
5 To elect Mr P Carr as a director		
6 To re-appoint the auditors		
7 To authorise the directors to determine the remuneration of the auditors		
8 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 named, their names should be deleted and the name of the desired proxy or proxies substituted.

TEAR ALONG THIS PERFORATION