

**ORION AIRWAYS LIMITED**

COMPANY REGISTRATION NUMBER: 1400743

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**31 DECEMBER 1999**



# **ORION AIRWAYS LIMITED**

## **DIRECTORS' REPORT**

The directors submit their report together with the audited financial statements of the Company for the year ended 31 December 1999.

### **PRINCIPAL ACTIVITY**

The Company's principal activity is the ownership of a leasehold property.

### **DIVIDENDS AND TRANSFER TO RESERVES**

No dividends were paid or proposed in the year. The profit of £1,129,000 (1998: £424,000) has been transferred to reserves.

### **DIRECTORS AND DIRECTORS' INTERESTS IN SHARES**

The directors of the Company during the year were as follows:-

P Buckingham

R J Manley

J L Roberts (resigned 31 October 1999)

R S Smith (appointed 1 October 1999)

Mr P Buckingham is also a director of Thomson Travel Group plc and Britannia Airways Limited, his share interest is detailed in the Annual Report and Accounts of Thomson Travel Group plc.

Messrs R J Manley and R S Smith are also directors of Britannia Airways Limited and their share interests in Thomson Travel Group plc are detailed in the Annual Report and Accounts of Britannia Airways Limited.

**ORION AIRWAYS LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITY**  
**IN RELATION TO FINANCIAL STATEMENTS**

**AUDITORS**

A resolution in accordance with section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually was passed on 8 January 1997. Accordingly, PricewaterhouseCoopers shall be deemed reappointed as auditors.

By Order of the Board

A handwritten signature in black ink, appearing to read 'R Strongman', is written over the printed name.

R STRONGMAN  
Company Secretary

1 March 2000

London Luton Airport  
Luton,  
Bedfordshire  
LU2 9ND

# **ORION AIRWAYS LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO FINANCIAL STATEMENTS**

The following statement, which should be read in conjunction with the auditors' statement of responsibilities set out on page 4, is made with a view to distinguishing the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required, in accordance with accounting principles generally accepted in the United Kingdom, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit of the Company for that period.

The directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

# **ORION AIRWAYS LIMITED**

## **AUDITORS' REPORT TO THE MEMBERS OF ORION AIRWAYS LIMITED**

We have audited the financial statements on pages 5 to 12.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for preparing the annual report including, as described on page 3, for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.


### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **OPINION**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors

1 Embankment Place  
London WC2N 6NN

1 March 2000

# ORION AIRWAYS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	<u>Notes</u>	<u>1999</u> £000s	<u>1998</u> £000s
Administrative Expenses		(25) -----	(25) -----
Loss on Ordinary Activities before Interest	3	(25)	(25)
Net Interest	5	455 -----	651 -----
Profit on Ordinary Activities before Taxation		430	626
Taxation	6	699 -----	(202) -----
Profit on Ordinary Activities after Taxation	13	1,129 -----	424 -----

The Company has no recognised gains or losses attributable to the Shareholder other than its profit for the years as disclosed above.

**ORION AIRWAYS LIMITED****BALANCE SHEET AT 31 DECEMBER 19989**

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		<u>£000s</u>	<u>£000s</u>
<b>Fixed Assets</b>			
Tangible assets	7	1,078	1,103
Investments	8	475	447
		-----	-----
		1,553	1,550
		-----	-----
<b>Current Assets</b>			
Debtors	9	11,292	10,870
<b>Creditors - Amounts falling due within one year</b>	10	(1,140)	(1,044)
		-----	-----
<b>Net Current Assets</b>		10,152	9,826
		-----	-----
<b>Total Assets Less Current Liabilities</b>		11,705	11,376
		-----	-----
<b>Creditors - Amounts falling due after more than one year</b>	11	-	(800)
		-----	-----
<b>Net Assets</b>		11,705	10,576
		-----	-----
<b>Capital and Reserves</b>			
Called up Share Capital - Equity	12	100	100
Profit and Loss Account	13	11,605	10,476
		-----	-----
<b>Shareholder's Funds</b>	14	11,705	10,576
		-----	-----

The financial statements on pages 5 to 12 were approved by the Board of Directors on 1 March 2000 and were signed on its behalf by:



**R S Smith**  
Director

**NOTES TO THE ACCOUNTS - 31 DECEMBER 1999**

**1) ACCOUNTING POLICIES**

**1) Basis of Accounting**

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**2) Deferred Taxation**

Deferred taxation is provided at current rates on taxation liabilities arising from timing differences to the extent that those liabilities are expected to reverse in the foreseeable future.

**3) Fixed Assets**

- a) Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on the cost less estimated residual value of fixed assets in equal annual instalments over the estimated useful lives of the assets. The rate of depreciation is as follows:

Long-term leasehold properties    1.5% per annum

- b) Investments:  
Fixed asset investments are stated at cost less any provision for permanent diminution in value.

**2) CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES**

The Company is a wholly-owned subsidiary of Britannia Airways Ltd and is included in the consolidated financial statements of Thomson Travel Group plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Thomson Travel Group plc.



**NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (CONTINUED)****3) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit on ordinary activities before taxation is stated after charging:

	<u>1999</u>	<u>1998</u>
	£000s	£000s
Depreciation on tangible fixed assets	25	25
	-----	-----

Auditors' remuneration and other operating expenses are borne by the Company's immediate parent undertaking.

**4) DIRECTORS' EMOLUMENTS AND EMPLOYEES**

The directors are paid by other group undertakings and no part of their remuneration is regarded as being in relation to their services to this Company.

The Company has no employees, other than the directors (1998: Nil).

**5) NET INTEREST**

	<u>1999</u>	<u>1998</u>
	£000s	£000s
Interest receivable from:		
Group undertakings	547	743
Interest payable on:		
Other loans repayable within one year	(92)	(92)
	-----	-----
Net Interest Receivable	455	651
	-----	-----

**ORION AIRWAYS LIMITED****NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (CONTINUED)****6) TAXATION**

	<u>1999</u>	<u>1998</u>
	<u>£000s</u>	<u>£000s</u>
The charge/(credit) for taxation based on the profit for the year at 30.25 % (1998: 31.0%) comprises:		
Group Relief	138	202
	-----	-----
	138	202
Corporation Tax (over) provided in previous years	(837)	-
	-----	-----
	(699)	202
	-----	-----

**7) TANGIBLE ASSETS**

	<b>Long Term Leasehold Property</b>
	<b>£000s</b>
<b>Cost</b>	
As at 31 December 1998 and as at 31 December 1999	1,650
	-----
<b>Depreciation</b>	
As at 31 December 1998	547
Charge for the period	25
	-----
As at 31 December 1999	572
	-----
<b>Net Book Value</b>	
As at 31 December 1999	1,078
	-----
As at 31 December 1998	1,103
	-----

**ORION AIRWAYS LIMITED****NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (CONTINUED)****8) FIXED ASSET INVESTMENTS**

	<u>1999</u>	<u>1998</u>
	£000s	£000s
Cost at 1 January	447	419
Additions	28	28
	-----	-----
As at 31 December	475	447
	-----	-----

Investments comprise Life assurance endowment policies.

**9) DEBTORS**

	<u>1999</u>	<u>1998</u>
	£000s	£000s
Prepayments & Deferred Revenue	1	6
Amounts owed by group undertakings	11,291	10,864
	-----	-----
	11,292	10,870
	-----	-----

**10) CREDITORS - Amounts falling due within one year:**

	<u>1999</u>	<u>1998</u>
	£000s	£000s
Secured Mortgage Loan	800	-
Amounts owed to group undertakings	202	202
UK Corporation Tax	-	837
Other Creditors	-	5
Group Relief	138	-
	-----	-----
	1,140	1,044
	-----	-----

The Mortgage Loan of £800,000 is secured on the leasehold property of the Company and was repaid shortly after the year end. Interest is payable at 11.5% per annum.

**ORION AIRWAYS LIMITED****NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (CONTINUED)****11) CREDITORS** - Amounts falling due after more than one year:

	<u>1999</u>	<u>1998</u>
	£000s	£000s
Secured mortgage loan	-	800
	-----	-----

See explanation to note 10) for details.

**12) CALLED UP SHARE CAPITAL**

	<u>1999</u>	<u>1998</u>
	£000s	£000s
Authorised 1,000,000 Ordinary Shares of £1 each	1,000	1,000
	-----	-----
Issued, allotted and fully paid 100,000 Ordinary Shares of £1 each	100	100
	-----	-----

**13) PROFIT AND LOSS ACCOUNT**

	£000s
Balance at 1 January 1999	10,476
Retained profit for the financial year	1,129
	-----
Balance at 31 December 1999	11,605
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# **ORION AIRWAYS LIMITED**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1999 (CONTINUED)**

### **14) RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	<b><u>1999</u></b>	<b><u>1998</u></b>
	<b>£000s</b>	<b>£000s</b>
Profit for the financial year attributable to the shareholder	1,129	424
Shareholder's funds at start of year	10,576	10,152
	-----	-----
Shareholder's funds at end of year	11,705	10,576
	-----	-----

### **15) ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Britannia Airways Limited. The ultimate parent undertaking and controlling party is Thomson Travel Group plc. Copies of its group accounts, which include the company, are available from the Company Secretary, Greater London House, Hampstead Road, London NW1 7SD.