

**ORION AIRWAYS LIMITED**

COMPANY REGISTRATION NUMBER: 1400743

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**31 DECEMBER 1997**



# **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 1997.

### **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 £368,000 (1996: £322,000) has been transferred to reserves.

### **DIRECTORS**

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

M Frith  
P Brett  
RJ Manley  
RD Burnell

None of the directors had a beneficial interest in any shares of the Company or of any other group undertaking.

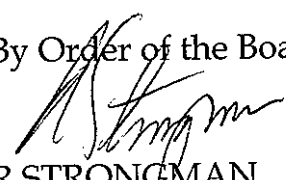
### **FIXED ASSETS**

Details of the movement in fixed assets in the year are shown in Note 6 to the accounts.

### **AUDITORS**

Pursuant to Section 386 of the Companies Act 1985, the Company has passed an Elective Resolution to dispense with the obligation to appoint auditors annually. The auditors, Price Waterhouse, have indicated their willingness to continue in office.

By Order of the Board

  
R STRONGMAN  
Company Secretary

8 May 1998

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 3, 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 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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

As described on page 2, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.


#### **BASIS OF 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 affairs of the Company as at 31 December 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Price Waterhouse  
Chartered Accountants  
and Registered Auditors

Southwark Towers  
32 London Bridge Street  
London SE1 9SY

8 May 1998

# ORION AIRWAYS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£000s	£000s
ADMINISTRATIVE EXPENSES		(25)	(24)
		-----	-----
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST	2	(25)	(24)
NET INTEREST	4	574	514
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		549	490
TAXATION	5	(181)	(168)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	368	322
		-----	-----

All profit and loss items relate to continuing operations.

The Company has no recognised gains or losses attributable to the shareholders other than its profit for the year disclosed above.

The notes on pages 6 to 11 form part of these accounts.

# ORION AIRWAYS LIMITED

## BALANCE SHEET AT 31 DECEMBER 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		<u>£000s</u>	<u>£000s</u>
<b>FIXED ASSETS</b>			
Tangible assets	6	1,128	1,153
Investments	7	419	391
		<u>1,547</u>	<u>1,544</u>
<b>CURRENT ASSETS</b>			
Debtors	8	10,594	10,195
Cash at bank and in hand		4	4
		<u>10,598</u>	<u>10,199</u>
<b>CREDITORS - Amounts falling due within one year</b>	9	(1,193)	(1,159)
<b>NET CURRENT ASSETS</b>		<u>9,405</u>	<u>9,040</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,952</u>	<u>10,584</u>
<b>CREDITORS - Amounts falling due after more than one year</b>	10	(800)	(800)
<b>NET ASSETS</b>		<u>10,152</u>	<u>9,784</u>
<b>CAPITAL AND RESERVES</b>			
Called up Share Capital - Equity	11	100	100
Profit and Loss Account	12	10,052	9,684
<b>SHAREHOLDER'S FUNDS</b>		<u>10,152</u>	<u>9,784</u>

Approved by the Board on 8 May 1998.



R.J. MANLEY

The notes on pages 6 to 11 form part of these accounts.

# **ORION AIRWAYS LIMITED**

## **NOTES TO THE ACCOUNTS - 31 DECEMBER 1997**

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

#### **4) Cash Flow Statement**

In accordance with paragraph 8(c) of Financial Reporting Standard No. 1, the cash flow statement has not been included within these accounts as the parent company, Thomson Travel Group (Holdings) Limited, has included the group cash flow statement in its accounts.

# ORION AIRWAYS LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (CONTINUED)

### 2) LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<u>1997</u>	<u>1996</u>
	£000s	£000s
Depreciation on tangible fixed assets	25	24
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Auditors' remuneration and other operating expenses are borne by the Company's immediate parent undertaking.

### 3) 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 (1996: Nil).

### 4) NET INTEREST

	<u>1997</u>	<u>1996</u>
	£000s	£000s
Interest receivable from:		
Group undertakings	665	607
Interest payable on:		
Other loans repayable after 5 years	(91)	(93)
	-----	-----
Net Interest Receivable	574	514
	-----	-----



# ORION AIRWAYS LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (CONTINUED)

### 5) TAXATION

	<u>1997</u>	<u>1996</u>
	<u>£000s</u>	<u>£000s</u>
The charge/ (credit) for taxation based on the profit for the year at 31.5% (1996: 33%) comprises:		
<u>Current Year</u>		
Group Relief	181	170
<u>Adjustments relating to prior years</u>		
Group Relief	-	(2)
	<u>181</u>	<u>168</u>

### 6) TANGIBLE ASSETS

	<u>Long Term Leasehold Property</u>
	<u>£000s</u>
<b>Cost</b>	
As at 31 December 1996 and as at 31 December 1997	<u>1,650</u>
<b>Depreciation</b>	
As at 31 December 1996	497
Charge for the period	25
	<u>522</u>
As at 31 December 1997	<u>522</u>
<b>Net Book Value</b>	
As at 31 December 1997	<u>1,128</u>
As at 31 December 1996	<u>1,153</u>

# ORION AIRWAYS LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (CONTINUED)

### 7) FIXED ASSET INVESTMENTS

	<u>1997</u>	<u>1996</u>
	£000s	£000s
Life assurance endowment policies	419	391
	-----	-----
	419	391
	-----	-----

### 8) DEBTORS

	<u>1997</u>	<u>1996</u>
	£000s	£000s
Prepayments & Deferred Revenue	6	6
Amounts owed by group undertakings	10,588	10,189
	-----	-----
	10,594	10,195
	-----	-----

### 9) CREDITORS - Amounts falling due within one year:

	<u>1997</u>	<u>1996</u>
	£000s	£000s
Amounts owed to group undertakings	351	316
UK Corporation Tax	837	837
Other Creditors	5	6
	-----	-----
	1,193	1,159
	-----	-----

# ORION AIRWAYS LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (CONTINUED)

### 10) CREDITORS - Amounts falling due after more than one year:

	<u>1997</u>	<u>1996</u>
	£000s	£000s
Secured mortgage loan	800	800
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The mortgage loan of £800,000 is secured upon the leasehold property of the Company and is repayable in 2003. Interest is payable at the rate of 11.5% per annum.

### 11) CALLED UP SHARE CAPITAL

	<u>1997</u>	<u>1996</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
	-----	-----

### 12) PROFIT AND LOSS ACCOUNT

	£000s
Balance at 1 January 1997	9,684
Retained profit for the financial year	368
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Balance at 31 December 1997	10,052
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# ORION AIRWAYS LIMITED

## NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (CONTINUED)

### 13) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1996</u>	<u>1995</u>
	<u>£000s</u>	<u>£000s</u>
Profit for the financial year attributable to shareholders	368	322
Shareholders funds at start of year	9,784	9,462
Shareholders funds at end of year	<u>10,152</u>	<u>9,784</u>

### 14) COMPANY STATUS

The Company is a close company within the meaning of Section 414 of the Income and Corporation Tax Act 1988.

Within the meaning of the Companies Act 1985, Thomson Investments Limited ("TIL") is regarded by the directors of the Company as being the Company's ultimate parent undertaking. Within the meaning of the said Act, The Thomson Corporation ("TTC") is the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Company is a member. Thomson Travel Group (Holdings) Limited ("TTG(H)L") is the parent undertaking of the smallest group of undertakings for which group accounts are drawn up and of which the Company is a member.

TIL and TTC are incorporated under the laws of the Province of Ontario, Canada. TTG(H)L is registered in England & Wales.

Copies of the TTC annual reports are available from: First Floor, The Quadrangle, 180 Wardour Street, London, W1A 4YG.

Copies of the TTG(H)L annual report are available from: Britannia House, Airport Way, London Luton Airport, Luton, Bedfordshire LU2 9ND.

Transactions with other companies within the group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard No.8 "Related party disclosures", as the consolidated accounts of Thomson Travel Group (Holdings) Limited in which the Company is included are available at the address noted above.