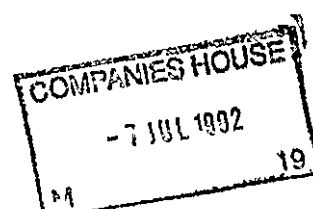


OWNERS ABROAD HOLIDAYS LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

for the year ended
31 October 1991



Company Number 1450256

OWNERS ABROAD HOLIDAYS LIMITED

DIRECTORS' REPORT for the year ended 31 October 1991

FINANCIAL STATEMENTS

The directors present their report and financial statements of Owners Abroad Holidays Limited for the year ended 31 October 1991.

RESULTS AND DIVIDENDS

The profit for the year, after taxation was £305,000 (1990: profit £752,000). The proposed dividend is £Nil (1990: £Nil) and therefore £305,000 (1990 :£752,000) will be transferred to reserves.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity continued to be that of tour operators. The results for the year include the activities from the following trade names, which operate under the same ATOL Licence held by Owners Abroad Holidays Limited.

Falcon,
Martyn Holidays,
Twentys,
Sunward,
Falcon Sailing,
Summertime,
Villas Italia,
Scanscape,
Sun Fizz,
Ski Whizz,
Just Turkey,
Ski Falcon

FUTURE DEVELOPMENTS AND EVENTS SINCE THE YEAR END

The directors expect the present levels of activity to be maintained.

DIRECTORS

The directors during the year were as follows:

R J Allard	(resigned 1 June 1991)	J C K Baerselman	(appointed 1 June 1991)
D Blastland	(resigned 1 June 1991)	M Harrison	(appointed 1 June 1991; resigned 26 June 1992)
P Buckley	(resigned 1 June 1991)	E F Hazebroek	(appointed 1 June 1991)
P Davies	(resigned 1 June 1991)	G McGachen	(appointed 1 June 1991)
D Johnston	(resigned 1 June 1991)	G Malone	(appointed 1 June 1991)
N Morris	(resigned 1 June 1991)	F O'Neill	(appointed 1 June 1991)
A Rayner	(resigned 1 June 1991)	P Robbins	(appointed 1 June 1991; resigned 29 May 1992)
M Roberts	(resigned 1 June 1991)	W Smith	(appointed 1 June 1991)
N Smith	(resigned 1 June 1991)	C W Small	(appointed 1 June 1991; resigned 31 October 1991)
G G Stone	(resigned 1 June 1991)	S R Taylor	(appointed 1 June 1991; resigned 22 October 1991)
D Wilson	(resigned 1 June 1991)	K Waller	(appointed 1 June 1991)

OWNERS ABROAD HOLIDAYS LIMITED**DIRECTORS' REPORT**
for the year ended 31 October 1991 (continued)**DIRECTORS' INTERESTS IN SHARES**

At 31 October 1991 none of the directors had any interests in the share capital of the ultimate parent company, Owners Abroad Group Plc, except as follows:

	31 October 1991		31 October 1990	
	Ordinary shares		Ordinary shares	
	Held	Preference Under option	Held	Preference Under option
K Waller	* 28,000	* 150,000	-	-

* and at date of appointment


DIRECTORS' INSURANCE

The ultimate parent company maintains insurance policies on behalf of all the directors of Owners Abroad Holidays Limited against liability arising from negligence, breach of duty and breach of trust in relation to the company.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 29 June 1992


Secretary

AUDITORS' REPORT

to the members of Owners Abroad Holidays Limited

We have audited the financial statements on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 October 1991 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ann Binder Hamlyn
Chartered Accountants
Registered Auditor

24 June 1992

OWNERS ABROAD HOLIDAYS LIMITED

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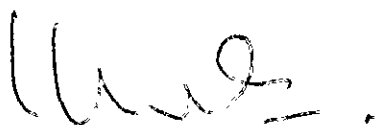
PROFIT AND LOSS ACCOUNT
for the year ended 31 October 1991

	Notes	1991		1990	
		£'000	£'000	£'000	£'000
Turnover	2		207,450		158,220
Other operating income	3		107		1,060
			<u>207,557</u>		<u>159,280</u>
External charges			(184,821)		(136,657)
Staff costs	4	7,864	22,736	9,443	22,623
Other operating charges		<u>13,215</u>		<u>9,882</u>	
			<u>(21,099)</u>		<u>(19,325)</u>
			1,637		3,298
Interest payable (net)	5		(866)		-
Operating profit	5		<u>771</u>		<u>3,298</u>
Exceptional items	6		-		(1,585)
Profit on ordinary activities before taxation			<u>771</u>		<u>1,713</u>
Tax on profit on ordinary activities	7		(466)		(961)
Retained profit for the year	13		<u>305</u>		<u>752</u>

OWNERS ABROAD HOLIDAYS LIMITEDBALANCE SHEET
as at 31 October 1991

	Notes	1991		1990	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	8		3,213		41
CURRENT ASSETS					
Debtors	9	147,137		105,643	
Cash at bank and in hand		-		2,234	
		<u>147,137</u>		<u>107,877</u>	
CREDITORS: amounts falling due within one year	10	<u>(148,143)</u>		<u>(105,806)</u>	
Net Current (Liabilities) /Assets			<u>(1,006)</u>		<u>2,071</u>
Net Assets			<u>2,207</u>		<u>2,112</u>
CAPITAL AND RESERVES					
Called up share capital	12		61		61
Share premium account			269		269
Other reserves	13		(100)		-
Profit and loss account	13		<u>1,977</u>		<u>1,782</u>
			<u>2,207</u>		<u>2,112</u>

The financial statements on pages 4 to 11 were approved by the Board on 29 June 1992



Director

OWNERS ABROAD HOLIDAYS LIMITEDNOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 1991

1. ACCOUNTING POLICIES**Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Owners Abroad Group Plc have adopted Financial Reporting Statement No.1 (Cash Flow Statement) before mandatory requirements. As a consequence the company does not have to prepare a cash flow statement.

Consolidation

The company has not produced consolidated financial statements because it is a wholly owned subsidiary undertaking of Owners Abroad Tour Operations Ltd, a company registered in England and Wales.

Turnover

Turnover represents the amount receivable by the group in the ordinary course of business, net of value added tax.

Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date, except where net monetary assets are matched by liabilities relating to the following season's trading when rates applicable to that season are used.

Profits and losses arising on trading and translation are dealt with through the profit and loss account. Exchange differences arising on consolidation of the net investment in overseas subsidiaries are dealt with through reserves.

Revenue invoiced in advance

All revenue invoiced relating to flights departing and holidays commencing after 31 October is carried forward and included in creditors falling due within one year.

Deferred expenditure

Expenditure incurred for the forthcoming season's programme is carried forward to the accounting period in which the related revenue will be receivable.

Pensions

The group operates a number of defined contribution schemes. Pension liabilities are funded by monthly or annual contributions.

Pension liabilities are charged to the profit and loss account as they fall due.

OWNERS ABROAD HOLIDAYS LIMITEDNOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 1991 (continued)1. ACCOUNTING POLICIES (continued)Goodwill

Purchased goodwill is the excess of the fair value of the consideration given to acquire a business over the fair value of the repayable net tangible assets acquired. Goodwill is either taken directly to reserves in the year or is capitalised and amortised through the profit and loss account over the period during which the company is expected to benefit (maximum twenty years).

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability is unlikely to crystallise.

2. TURNOVER

The turnover and pre-tax profit is attributable to tour operating activities carried out in the United Kingdom.

3. OTHER OPERATING INCOME

	1991 £'000	1990 £'000
Rental income	-	51
Other income	107	1,009
	<u>107</u>	<u>1,060</u>

4. EMPLOYEESEmployment costs

Wages and salaries	6,697	7,239
Social security costs	562	543
Pension costs	90	270
Other staff costs	535	1391
	<u>7,884</u>	<u>9,443</u>

During the year staff costs of group and fellow subsidiary undertakings were incurred by Owners Abroad Services Limited and were subsequently recharged as shown above.

OWNERS ABROAD HOLIDAYS LIMITEDNOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 1991 (continued)

5. OPERATING PROFIT	1991	1990
is stated after charging:	£'000	£'000
Interest (payable)/receivable (net):		
On bank loans and overdrafts wholly		
repayable within five years	1,013	-
Interest receivable	(147)	-
Interest payable (net)	866	-
Auditors' remuneration	57	100

Operating lease rentals recharged to this company are disclosed in the financial statements of Owners Abroad Services Limited in whose name all relevant leases are held.

Directors' remuneration consisting of:

Emoluments (including pension contributions)	449	1,326
Emoluments (excluding pension contributions)		
of the Chairman and highest paid director	64	202

The emoluments (excluding pension contributions) of the directors fell within the following ranges:

	Number	Number
£ 0 - £ 5,000	8	2
£ 10,001 - £ 15,000	1	-
£ 15,001 - £ 20,000	2	-
£ 25,001 - £ 30,000	3	-
£ 30,001 - £ 35,000	5	-
£ 35,001 - £ 40,000	2	-
£ 40,001 - £ 45,000	-	2
£ 45,001 - £ 50,000	-	3
£ 50,001 - £ 55,000	-	1
£ 55,001 - £ 60,000	-	1
£ 60,001 - £ 65,000	1	2
£100,001 - £105,000	-	1

6. EXCEPTIONAL ITEM	£'000	£'000
Fuel surcharges arising from Gulf War	-	1,585
7. TAXATION		
Corporation Tax at 33.41% (1990 - 34.41)		
based on the profit for the year	342	1,121
Deferred taxation (see note 11)	133	(133)
(Over)provisions in previous years	(9)	(27)
Tax on profit on ordinary activities	466	961

OWNERS ABROAD HOLIDAYS LIMITEDNOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 1991 (continued)

8. INVESTMENTS

Investment in subsidiary undertakings:	£'000
Cost	
1 November 1990	41
Additions	3,172
31 October 1991	<u>3,213</u>

The following subsidiary undertakings, are wholly owned and are all registered in England and Wales.

Redwing Holdings Limited and subsidiary undertakings	
- tour operators - interest in ordinary shares 100%	
Falcon Sailing Limited	
- tour operators - interest in ordinary shares 64%	
Falcon Leisure Limited	Dormant
Holiday Car Hire Limited	Dormant
Twentys Limited	Dormant
Top Hat Tours Limited	Dormant
Extrawelcome Limited	Dormant

9. DEBTORS

	1991 £'000	1990 £'000
Trade debtors	85,049	26,551
Amounts due from fellow subsidiary undertakings	42,243	68,304
Amounts due from related undertakings	-	2,035
Other debtors	5,747	3,777
Deferred taxation (see note 11)	-	133
Prepayments	14,098	4,843
	<u>147,137</u>	<u>105,643</u>

The company operates a centralised accounting system with Falcon Sailing Limited and Redwing Holdings Limited, subsidiaries of the company, consequently the trade debtors of these companies are shown in this company's financial statements.

10. CREDITORS: amounts falling due within one year

Bank overdraft	17,846	-
Trade creditors	6,809	4,152
Corporation tax	333	1,037
Amounts due to fellow subsidiary undertakings	15,867	63,609
Other creditors	1,588	4,522
Accruals	9,770	186
Revenue invoiced in advance	95,930	32,300
	<u>148,143</u>	<u>105,806</u>

OWNERS ABROAD HOLIDAYS LIMITEDNOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 1991 (continued)**10. CREDITORS: amounts falling due within one year (continued)**

The company operates a centralised accounting system with Falcon Sailing Limited and Redwing Holdings Limited, subsidiaries of the company, consequently the trade creditors and revenue invoiced in advance are shown in this company's financial statements.

11. DEFERRED TAXATION

The deferred taxation is as follows. There is no potential liability.

	1991 £'000	1990 £'000
Timing differences	-	(133)
1 November 1990	133	
Transfer to profit and loss account	(133)	
31 October 1991	-	

12. SHARE CAPITAL

	1991 £'000	1990 £'000
Authorised		
600,000 deferred ordinary shares of 10p each	60	60
100,000 ordinary shares of 10p each	10	10
	70	70
Issued and fully paid		
600,000 deferred ordinary shares of 10p each	60	60
6,000 ordinary shares of 10p each	1	1
	61	61

13. RESERVES

	Other reserves £'000	Profit and loss account £'000
1 November 1990	-	1,782
Profit retained for the year	-	305
Foreign exchange	-	(110)
Goodwill on acquisition, written off	(100)	-
31 October 1991	(100)	1,977

OWNERS ABROAD BANK HOLIDAYS LIMITEDNOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 October 1991 (continued)**14. TRANSACTIONS WITH DIRECTORS****Loans**

The following loans were outstanding during the year:

Name	Principal terms	Amount outstanding		
		At resignation	1990	Maximum in year
D Wilson	Loan of £25,000 at 10% interest a year repayable on the exercise of share options	£25,000	£25,000	£25,000

The loan was repaid on 31 October 1991.

15. CONTINGENT LIABILITIES

Claims amounting to £300,000 (1990: £393,000) have been made against the Company. No provision has been made for these claims as they are in the opinion of the directors unlikely to prove successful.

16. PENSION COSTS

The group operates defined contribution schemes, on behalf of the company, for employees eligible and willing to participate and for the directors. The assets of the scheme are held separately from the assets of the group and the company. The pension costs charged to the profit and loss account amounted to £90,000 (1990: £270,000).

17. ULTIMATE PARENT COMPANY

The directors regard Owners Abroad Group Plc, a company registered in England and Wales, as the company's ultimate parent company.

Owners Abroad Group Plc is the parent undertaking of the largest and smallest group of which Owners Abroad Holidays Limited is a member and for which group accounts are drawn up. Copies of these group accounts have been delivered to, and are available from, the Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff CF4 3UZ.