



BDO Binder Hamlyn  
Chartered Accountants

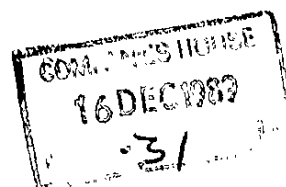
FALCON LEISURE GROUP LIMITED

REPORT AND ACCOUNTS  
for the year ended  
31 OCTOBER 1988



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BDO Binder Hamlyn  
Chartered Accountants



FALCON LEISURE GROUP LIMITEDREPORT OF THE DIRECTORS

The directors submit their report and accounts of Falcon Leisure Group Limited for the year ended 31 October 1988.

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, was £320,253 (1987: £113,853 loss). The directors do not propose to pay a dividend.

**REVIEW OF THE BUSINESS**

The company's principal activity continued to be that of tour operators.

**FUTURE DEVELOPMENTS AND EVENTS SINCE THE YEAR END**

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

**DIRECTORS AND THEIR INTERESTS**

The directors during the year were as follows:

J. Boyle	- Chairman
H. Boyle	(resigned 31 July 1988)
P. Buckley	
P. Stallibrass	(resigned 31 July 1988)
R.J. Allard	
A. Baltierrez	
B. Shepherd	(resigned 31 July 1988)
G.G. Stone	
D. Blastland	(appointed 30 April 1988)
P. Davies	(appointed 30 April 1988)
D. Wilson	(appointed 30 April 1988)
N. Smith	(appointed 30 April 1988)
A. Rayner	(appointed 30 April 1988)
M. Roberts	(appointed 30 April 1988)

The directors of the company had no interest in the shares of the company during the year.

At 31 October 1988 the interests of the directors in the share capital of the ultimate holding company Owners Abroad Group plc were as follows:

	<u>Number of ordinary shares</u>	
	<u>31 October</u> <u>1988</u>	<u>1 November</u> <u>1987</u>
J. Boyle - Chairman	3,146,163	2,097,442
P. Buckley	156,864	104,576
R. Allard	6,000,000	4,000,000
A. Balteirrez	-	-
B. Shepherd	-	-
G. Stone	-	-
D. Blastland	-	-
P. Davies	-	-
D. Wilson	-	-
N. Smith	-	-
A. Rayner	-	-
M. Roberts	264	-

FALCON LEISURE GROUP LIMITEDREPORT OF THE DIRECTORS  
(continued)**CLOSE COMPANY STATUS**

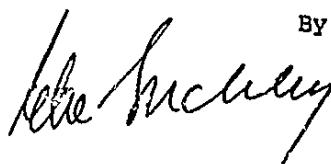
The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

**AUDITORS**

Binder Hamlyn changed their name on 12 September 1988 to BDO Binder Hamlyn and have accordingly signed their report in their new name. A resolution to reappoint BDO Binder Hamlyn will be submitted to the Annual General Meeting.

28 March 1989

By Order of the Board,



P. BUCKLEY

Secretary

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
FALCON LEISURE GROUP LIMITED**

We have audited the financial statements on pages 4 to 10 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared on the basis of the accounting policies set out on page 4, give a true and fair view of the state of affairs of the company at 31 October 1988 and of the profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

28 March 1989

*BDO Binder Hamlyn.*  
Chartered Accountants

FALCON LEISURE GROUP LIMITED

ACCOUNTING POLICIES  
for the year ended 31 OCTOBER 1988

**ACCOUNTING CONVENTION**

The accounts are prepared under the historical cost convention.

**TURNOVER**

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

**FOREIGN CURRENCIES**

Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Profits and losses arising on trading and translation are dealt with through the profit and loss account.

**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 company makes contributions to various pension funds. It is a general policy of the group to fund pension liabilities by annual contributions. The various schemes are funds set up through insurance companies and their assets are completely separate from the assets of the company.

**DEBTORS AND CREDITORS**

The group operates a central computerised accounting system. Debtors of the group have therefore been passed through the company's inter company current account. Debtors with parties outside of the group are disclosed in Owners Abroad Aviation Limiteds accounts. The group operates a similar system for creditors.

FALCON LEISURE GROUP LIMITEDPROFIT AND LOSS ACCOUNT  
for the year ended 31 OCTOBER 1988

	<u>Notes</u>	<u>Year ended</u> <u>31 October 1988</u>		<u>Year ended</u> <u>31 October 1987</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Turnover	1		56,206,052		36,389,869
Other operating income	2		535,905		333,218
			<u>56,741,957</u>		<u>36,723,087</u>
External charges			51,056,697		32,549,538
			<u>5,685,260</u>		<u>4,173,549</u>
Staff costs	3	3,065,187		2,408,532	
Other operating charges		<u>2,000,000</u>		<u>1,520,318</u>	
			<u>5,065,187</u>		<u>3,928,850</u>
Profit on ordinary activities before taxation			620,073		244,599
Tax on profit on ordinary activities	5		<u>299,820</u>		<u>358,552</u>
Profit/(loss) on ordinary activities after taxation			320,253		(113,853)
Proposed dividend	13		<u>-</u>		<u>700,000</u>
Profit/(loss) retained for the year			<u>£320,253</u>		<u>(£813,853)</u>

FALCON LEISURE GROUP LIMITEDBALANCE SHEET as at 31 OCTOBER 1988

	<u>Notes</u>	31 October <u>1988</u>	31 October <u>1987</u>
		£	£
<b>Fixed assets</b>			
Investment	6	40,529	40,529
<b>Current assets</b>			
Debtors	7	1,727,556	2,270,328
Creditors: amounts falling due within one year	8	<u>388,664</u>	<u>1,251,689</u>
<b>Net current assets</b>		<u>1,338,892</u>	<u>1,018,639</u>
<b>Total assets less current liabilities</b>		<u><u>£1,379,421</u></u>	<u><u>£1,059,168</u></u>
<b>Capital and reserves</b>			
Called up share capital	9	60,600	60,600
Share premium account		269,373	269,373
Profit and loss account	10	<u>1,049,448</u>	<u>729,195</u>
		<u><u>£1,379,421</u></u>	<u><u>£1,059,168</u></u>

Approved by the board on 28 March 1989.

)  
) Directors  
)

*Geoffrey Stone*  
*John Boyle*

FALCON LEISURE GROUP LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS  
for the year ended 31 OCTOBER 1988

	<u>Year ended</u> <u>31 October 1988</u>		<u>Year ended</u> <u>31 October 1987</u>	
	£	£	£	£
Profit before taxation		<u>620,073</u>		<u>244,699</u>
Funds generated from trading operations		620,073		244,699
Funds from other sources				
Transfer of intangible assets to group company	-		2,359	
Disposal of investments	-		<u>30,555</u>	
		-		<u>32,914</u>
Total funds generated		620,073		277,613
Application of funds				
Taxation paid	374,854		504,509	
Group relief paid	-		357,732	
Dividend paid	<u>700,020</u>		<u>450,000</u>	
		<u>1,074,854</u>		<u>1,312,241</u>
		(454,781)		(1,034,628)
Decrease in working capital				
Decrease in debtors	(542,772)		(19,929,642)	
Decrease in creditors	<u>87,991</u>		<u>18,643,213</u>	
		<u>454,781</u>		<u>1,286,429</u>
Movement of net liquid funds		<u>£-</u>		<u>£251,801</u>



FALCON LEISURE GROUP LIMITEDNOTES TO THE ACCOUNTS  
for the year ended 31 OCTOBER 19881. **TURNOVER**

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

	Year ended 31 October 1988	Year ended 31 October 1987
2. <b>OTHER OPERATING INCOME</b>		
Management charges and expense recharges	<u>£535,905</u>	<u>£333,218</u>

3. **STAFF COSTS**

Wages and salaries	<u>£3,065,187</u>	<u>£2,408,532</u>
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During the year the trading operations of the company were undertaken by employees of Owners Abroad Aviation Limited and costs relating thereto are charged above.

4. **DIRECTORS' REMUNERATION**

Directors' remuneration consisting of:

Emoluments (including pension contributions)	396,223	168,577
Emoluments (excluding pension contributions) of the Chairman also highest paid director	131,317	35,900

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

	<u>Number</u>	<u>Number</u>
£ 0 - £ 5,000	3	5
£ 5,001 - £10,000	-	-
£10,001 - £15,000	5	-
£15,001 - £20,000	2	-
£20,001 - £25,000	-	-
£25,001 - £30,000	1	2
£30,001 - £35,000	1	2
£35,001 - £40,000	1	-

5. **TAXATION**

Tax on profit on ordinary activities

Corporation Tax at 35.0% (1987 - 35.0%).  
based on the profit for the year  
Under provisions in previous years

£	£
292,407	85,645
<u>7,413</u>	<u>272,907</u>
<u>£299,820</u>	<u>£358,552</u>

FALCON LEISURE GROUP LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 31 OCTOBER 1988  
(continued)

6. INVESTMENT

Investment in subsidiaries at cost £40,529

The subsidiaries, which are wholly owned and incorporated in Great Britain, are:

Churchill Family Holidays Limited. Tour operators

Twentys Limited Tour operators

7. DEBTORS

	<u>31 October 1988</u>	<u>31 October 1987</u>
	£	£
Other debtors	6,637	6,637
Amounts due from fellow subsidiary and subsidiary companies	<u>1,720,919</u>	<u>2,263,691</u>
	<u>£1,727,556</u>	<u>£2,270,328</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Current corporation tax	388,664	463,698
Amounts owed to group companies	-	87,991
Proposed dividend	-	700,000
	<u>£388,664</u>	<u>£1,251,689</u>

9. CALLED UP SHARE CAPITAL

Authorised		
600,000 deferred ordinary shares of 10p each	60,000	60,000
100,000 ordinary shares of 10p each	<u>10,000</u>	<u>10,000</u>
	<u>£70,000</u>	<u>£70,000</u>
Issued and fully paid		
600,000 deferred shares of 10p each	60,000	60,000
6,000 ordinary shares of 10p each	<u>600</u>	<u>600</u>
	<u>£60,600</u>	<u>£60,600</u>

10. PROFIT AND LOSS ACCOUNT

	£
At 1 November 1987	729,195
Profit retained for the year	<u>320,253</u>
At 31 October 1988	<u>£1,049,448</u>

FALCON LEISURE GROUP LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 31 OCTOBER 1988  
(continued)

11. **TRANSACTIONS WITH DIRECTORS**

Mr J Boyle has a 49% interest in the equity share capital of Instone Travel Services Limited and he is also, director of that company. During the year the value of the company's transactions with Instone Travel Services Limited amounted to £55,000.

12. **CONSOLIDATED ACCOUNTS**

The company has not prepared group accounts as it is a wholly owned subsidiary of a body corporate incorporated in Great Britain.

In the opinion of the directors of the company, the aggregate value of the assets of the company, consisting of shares in and amounts owing from the company's subsidiaries, is not less than the aggregate of the amounts at which those assets are included in the company's balance sheet.

13. **PROPOSED DIVIDEND**

	<u>31 October</u> <u>1988</u>	<u>31 October</u> <u>1987</u>
Proposed dividend	<u>£-</u>	<u>£700,000</u>

14. **CONTINGENT LIABILITIES**

Claims amounting to £775,000 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.

15. **ULTIMATE HOLDING COMPANY**

The company is a wholly owned subsidiary of Owners Abroad Group plc, a company incorporated in Great Britain.