

AIRLINK INTERNATIONAL LIMITED

COMPANY REGISTRATION NUMBER: 1594320

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

31 DECEMBER 1996



AIRLINK INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of the Company for the year ended 31 December 1996.

DIRECTORS AND DIRECTORS' INTERESTS

The directors during the year were as follows:

R D Burnell

R J Manley

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

PRINCIPAL ACTIVITY

The Company holds an Air Travel Organisers' Licence which permits the sale of seats to the general public by a third party tour operator. The Company held the Air Travel Organisers' Licence during 1996, and it is intended that the licence will be renewed in 1997.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividends were paid or proposed in the year. The loss of £3,154 (1995: £3,220) has been transferred to reserves.

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

12 March 1997

London Luton Airport
Luton
Bedfordshire
LU2 9ND

AIRLINK INTERNATIONAL 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/loss 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.

AIRLINK INTERNATIONAL LIMITED

AUDITORS' REPORT TO THE MEMBERS OF AIRLINK INTERNATIONAL LIMITED

We have audited the financial statements on pages 4 to 8 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.

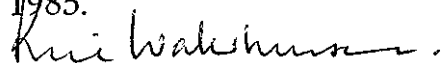
BASIS OF OPINION

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 1996 and of the loss 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

12 March 1997

AIRLINK INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
ADMINISTRATIVE EXPENSES		(3,154)	(2,722)
		-----	-----
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,154)	(2,722)
TAXATION	3	-	(498)
		-----	-----
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	7	(3,154)	(3,220)
		-----	-----

All profit and loss items relate to continuing operations.

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

The notes on pages 6 to 8 form part of these accounts.

AIRLINK INTERNATIONAL LIMITED

BALANCE SHEET AT 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
CREDITORS - Amounts falling due within one year	4	(75,312)	(72,158)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		(75,312)	(72,158)
		-----	-----
CAPITAL AND RESERVES			
Called up share capital - Equity	5	20,000	20,000
Profit and loss account	6	(95,312)	(92,158)
		-----	-----
		(75,312)	(72,158)
		-----	-----

Approved by the Board on 12 March 1997



R J MANLEY

The notes on pages 6 to 8 form part of these accounts.

AIRLINK INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996

1) ACCOUNTING POLICIES

- (1) The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- (2) 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 Limited, has included the group cash flow statement in its accounts.

2) DIRECTORS' EMOLUMENTS, EMPLOYEES AND AUDITORS' REMUNERATION

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 (1995: Nil).

The cost of the auditors' remuneration has been borne by a fellow group undertaking.

3) TAXATION

The charge for taxation based on the profit for the year comprises:-

	<u>1996</u>	<u>1995</u>
	£	£
Adjustments relating to prior years:		
Group Relief	-	498
	-----	-----

4) CREDITORS - Amounts falling due within one year

	<u>1996</u>	<u>1995</u>
	£	£
Amounts due to group undertakings	75,312	72,158
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AIRLINK INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

5) CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	£	£
Authorised:		
50,000 ordinary shares of £1 each	50,000	50,000
	-----	-----
Issued and fully paid:		
20,000 ordinary shares of £1 each	20,000	20,000
	-----	-----

6) PROFIT AND LOSS ACCOUNT

	£
Balance at 1 January 1996	(92,158)
Retained deficit for the financial year	(3,154)

Balance at 31 December 1996	(95,312)

7) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1996</u>	<u>1995</u>
	£	£
(Loss) for the Financial Year attributable to Shareholders	(3,154)	(3,220)
Shareholders funds at start of year	(72,158)	(68,938)
	-----	-----
Shareholders funds at end of year	(75,312)	(72,158)
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8) FINANCIAL SUPPORT

A fellow group undertaking has agreed to financially support the Company for the foreseeable future.

AIRLINK INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

9) 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 Limited ("TTGL") 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. TTGL 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 TTGL 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 Limited in which the Company is included are available at the address noted above.