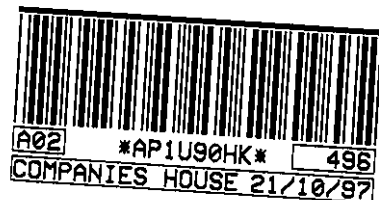


BRITANNIA AIRWAYS LIMITED

COMPANY REGISTRATION NUMBER: 444359

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

31 DECEMBER 1996



BRITANNIA AIRWAYS 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

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

P Brett (Chairman)
RD Burnell
P Bradley
P Buckingham
M Frith
RJ Manley
B Newton
RG Parker-Eaton OBE
AJ Reynolds (Appointed 1 July 1996)
J Roberts
C Sharples

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

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was the operation of a charter airline.

RESULTS AND DIVIDENDS

The surplus on the profit and loss account for the year of £11,188,000 (1995: £3,348,000) was transferred to reserves. No interim dividend was paid during the year (1995: Nil). The directors do not propose the payment of a final dividend (1995: £20,000,000).

REVIEW OF THE BUSINESS

As at the year end, the fleet operated by the Company comprised nineteen Boeing 757s and nine Boeing 767s. A 767 was delivered on 4th March 1997.

7.5 million passengers were carried in 1996 and the trading results have been satisfactory.

BRITANNIA AIRWAYS LIMITED

DIRECTORS' REPORT (Continued)

FIXED ASSETS

The changes in fixed assets during the year are shown in note 8 to the accounts.

EMPLOYMENT OF DISABLED PERSONS POLICY

The policy of the Company is to give full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes and abilities. Whenever possible the Company continues to employ those employees who have become disabled. The Company makes appropriate arrangements for the training and career development of all disabled employees.

EMPLOYMENT ACT 1982

The policy of the Company is to ensure that employees are kept well informed by way of briefings, staff reports, newsletters and notices describing the activities and performance of group undertakings.

CHARITABLE AND POLITICAL DONATIONS

Charitable donations made during the year amounted to £5,796 (1995: £1,312). No political donations were made.

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

BRITANNIA 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/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.

BRITANNIA AIRWAYS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF BRITANNIA AIRWAYS LIMITED

We have audited the financial statements on pages 5 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 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 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

12 March 1997

BRITANNIA AIRWAYS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£000s	£000s
TURNOVER	2	630,350	605,473
COST OF SALES		(406,152)	(391,821)
GROSS PROFIT		224,198	213,652
ADMINISTRATIVE EXPENSES		(210,821)	(202,166)
OPERATING PROFIT	4	13,377	11,486
PROFIT ON SALE OF FIXED ASSETS	3	-	4,402
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		13,377	15,888
NET INTEREST	6	5,623	8,298
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		19,000	24,186
TAXATION ON ORDINARY ACTIVITIES	7	(7,812)	(838)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		11,188	23,348
DIVIDENDS PAYABLE		-	(20,000)
RETAINED SURPLUS FOR THE YEAR	17	11,188	3,348

All profit and loss items relate to continuing operations.

The Company has no recognised gains or losses other than its profit for the period.

The notes on pages 7 to 21 form part of these accounts.

BRITANNIA AIRWAYS LIMITED**BALANCE SHEET AT 31 DECEMBER 1996**

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£000s	£000s
FIXED ASSETS			
Tangible Assets	8	168,354	204,805
Investments	9	10,782	11,671
		-----	-----
		179,136	216,476
		-----	-----
CURRENT ASSETS			
Stocks	10	5,378	10,817
Debtors	11	156,277	93,738
Cash at bank and in hand		4,645	12,636
		-----	-----
		166,300	117,191
CREDITORS - Amounts falling due within one year	12	(112,593)	(128,682)
		-----	-----
NET CURRENT ASSETS/(LIABILITIES)		53,707	(11,491)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		232,843	204,985
CREDITORS - Amounts falling due after more than one year	13	(81,694)	(61,380)
PROVISIONS FOR LIABILITIES & CHARGES	16	(3,361)	(7,005)
		-----	-----
		147,788	136,600
		-----	-----
CAPITAL AND RESERVES			
Called up share capital - Equity	17	118,615	118,615
Reserves	17	29,173	17,985
		-----	-----
		147,788	136,600
		-----	-----

Approved by the Board on 12 March 1997.


R J MANLEY

The notes on pages 7 to 21 form part of these accounts.

BRITANNIA AIRWAYS 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.

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 Ltd., has included the group cash flow statement in its accounts.

- (2) Fixed assets and depreciation:

Aircraft

Aircraft are depreciated on a straight line basis. The cost of each aircraft is depreciated over its remaining useful economic life after allowing for a 10% residual value on original cost. The useful economic life of the aircraft is estimated to be 20 years.

Other fixed assets

These are recorded at cost and depreciated on a straight line basis over their estimated useful lives.

Long leaseholds	- 67 years
Short leaseholds	- over the period of the lease
Major aircraft spares	- 15 years
Motor vehicles	- 4 years
Fixtures & other equipment	- 3 to 10 years

- (3) Provision is made for taxation on timing differences between profits stated in the accounts and profits computed for taxation purposes if there is a reasonable probability that such taxation will become payable in the foreseeable future.
- (4) Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date or, where forward cover has been taken, at the forward rate. Differences arising from changes in exchange rates are included in trading profits except for those which relate to advance payments for aircraft subsequently subject to operating leases. These exchange differences are amortised over the initial lease periods.
- (5) Stocks are stated at the lower of cost and net realisable value.

BRITANNIA AIRWAYS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

1) ACCOUNTING POLICIES (Continued)

- (6) Assets held under finance leases are capitalised and depreciation is provided in accordance with the Company's accounting policy for the category of assets concerned. The interest cost is charged over the term of the lease and the capital element of future lease payments is included in creditors.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

- (7) The cost of providing pensions, including past service costs, is charged to the profit and loss account over the periods benefiting from the employees' services. Variations from the regular cost are allocated by equal instalments over the average remaining service life of current employees.
- (8) Investments in subsidiary and associated undertakings are stated at cost less provisions for permanent diminution in value.
- (9) Deferred revenue represents the unamortised element of:
- (i) aircraft disposal profits under leaseback arrangements which are included in earnings over the lease period;
 - (ii) certain aircraft manufacturer credits relating to new aircraft which are included in earnings over five years from the date of delivery.

2) TURNOVER AND SEGMENTAL REPORTING

Turnover comprises the aggregate value of revenue receivable from chartering aircraft and from related sales. Most sales are made within the UK to UK customers.

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Turnover - Group	523,253	515,383
- External	107,097	90,090
	-----	-----
	630,350	605,473
	-----	-----

All profits arise in the UK and net assets are located in the UK.

BRITANNIA AIRWAYS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

3) PROFIT ON SALE OF FIXED ASSETS

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Profit on sale of Aircraft & Spares	-	4,402
	-----	-----

The Profit on sale of aircraft and spares relates to the sale of certain aircraft during 1995.

4) OPERATING PROFIT

Operating Profit is stated after charging:

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Depreciation and amounts written off tangible fixed assets	15,028	12,519
Hire of Plant and Equipment	723	629
Operating lease rentals payable on aircraft	91,530	90,795
Auditors' remuneration:-		
Audit fees	33	46
Other fees	9	58

5) DIRECTORS' AND EMPLOYEES' EMOLUMENTS

- (1) (i) The average number of persons employed by the Company during the year was as follows:

	<u>1996</u>	<u>1995</u>
	<u>Number</u>	<u>Number</u>
United Kingdom	3,110	3,043
	-----	-----

BRITANNIA AIRWAYS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

5) DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(ii) Employee costs during the year amounted to:

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Wages & salaries	67,762	68,034
Social security costs	7,194	7,169
Other pension costs	7,204	6,774
	-----	-----
	82,160	81,977
	-----	-----

(2) The details of directors' emoluments (including pension contributions) are as follows:

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Directors' emoluments	922	900
Directors' pension contributions	130	180

The directors' emoluments shown above (excluding pension contributions) included:

Highest paid director	220	158
Chairman	Nil	Nil

BRITANNIA AIRWAYS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

5) DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

Directors received emoluments (excluding pension contributions) in the following ranges:

		<u>1996</u>	<u>1995</u>
		<u>Number</u>	<u>Number</u>
£Nil	- £5,000	2	2
£40,000	- £45,000	1	-
£70,001	- £75,000	1	1
£75,001	- £80,000	1	1
£90,000	- £95,000	2	-
£100,001	- £105,000	1	1
£105,001	- £110,000	1	-
£110,001	- £115,000	-	1
£115,001	- £120,000	1	1
£120,001	- £125,000	-	1
£125,001	- £130,000	-	1
£155,001	- £160,001	-	1
£215,001	- £220,000	1	-

6) INTEREST

	<u>1996</u>	<u>1995</u>
	<u>£000s</u>	<u>£000s</u>
Hire purchase and finance agreements	1,658	1,446
Interest payable to group undertakings	674	708
Other	19	96
	-----	-----
	2,351	2,250
	-----	-----
Interest receivable from:		
Third parties	(2,718)	(5,867)
Group undertakings	(5,256)	(4,681)
	-----	-----
	(7,974)	(10,548)
	-----	-----
NET INTEREST RECEIVABLE	(5,623)	(8,298)
	-----	-----

BRITANNIA AIRWAYS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

7) TAXATION

The charge/(credit) for taxation based on the profit for the year at 33% (1995: 33%) comprises:

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Current year:		
Corporation Tax	3,937	-
Deferred Tax	(3,644)	2,600
Group Relief	7175	2,693
Adjustments relating to prior years:		
Corporation Tax	(30)	(6,373)
Deferred Tax	-	-
Group relief	374	1,918
	<u>7,812</u>	<u>838</u>

BRITANNIA AIRWAYS LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)****8) TANGIBLE ASSETS**

	Leasehold Land and Buildings	Aircraft and Spares	Payments in advance	Fixtures, Equipment and Motor Vehicles	Total
	£000s	£000s	£000s	£000s	£000s
Cost:					
At 1 January 1996	21,788	102,120	77,503	56,723	258,134
Additions	494	21,039	21,260	9,323	52,116
Disposals	-	(6,067)	(69,338)	(677)	(76,082)
At 31 December 1996	22,282	117,092	29,425	65,369	234,168
Depreciation:					
At 1 January 1996	4,325	25,476	-	23,528	53,329
Charge for the year	453	5,533	-	9,042	15,028
Disposals	-	(2,088)	-	(455)	(2,543)
At 31 December 1996	4,778	28,921	-	32,115	65,814
Net Book Value					
At 31 December 1996	17,504	88,171	29,425	33,254	168,354
At 31 December 1995	17,463	76,644	77,503	33,195	204,805

BRITANNIA AIRWAYS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

8) TANGIBLE ASSETS (Continued)

The net book amount of leasehold land and buildings comprises:

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Long leaseholds	9,843	10,016
Short leaseholds	7,661	7,447
	-----	-----
	17,504	17,463
	-----	-----

Future capital expenditure not provided in the accounts is as follows:

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Contracts placed	61,733	118,464
	-----	-----
Authorised by the directors but not yet contracted	1,123	560
	-----	-----

Included in contracts placed is £61.7 million in respect of firm orders for two Boeing 767-304 aircraft, net of progress payments already made, one of which was delivered in March 1997 and one in 1998.

In 1995 contracts placed included £105.8 million in respect of four Boeing 767-304 aircraft, net of progress payments already made.

BRITANNIA AIRWAYS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

9) INVESTMENTS

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Investment in subsidiaries	6,249	6,249
Term deposits	4,533	5,422
	-----	-----
	10,782	11,671
	-----	-----

Investments in subsidiary undertakings are stated at the lower of cost less any permanent diminution in value.

The following companies are wholly owned subsidiary undertakings of the Company and were involved in supporting the operations of the charter airline. They are registered in England and Wales.

Airlink International Limited
Skylease Limited *
Skymead Leasing Limited *
Skymead Limited *
Skymead Maintenance Limited
Orion Airways Limited
Britannia Airways (Catering) Limited

* - These companies were dormant in 1996.

Group accounts have not been prepared because the Company is a wholly owned subsidiary undertaking of another company registered in England and Wales. (See note 20).

In the opinion of the directors, the value of the investments in subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

10) STOCKS

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Raw materials and consumables	4,548	10,165
Finished goods	830	652
	-----	-----
	5,378	10,817
	-----	-----

BRITANNIA AIRWAYS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

11) DEBTORS

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Trade debtors	2,411	2,921
Amounts owed by subsidiary undertakings	1,951	495
Amounts owed by fellow group undertakings	131,758	74,782
Other debtors	6,399	5,829
Prepayments and accrued income	13,758	9,711
	-----	-----
	156,277	93,738
	-----	-----

Included in other debtors is an amount of £1,273,622 (1995 £1,273,622) relating to aircraft lease in deposits which is due in greater than one year.

12) CREDITORS (Amounts falling due within one year)

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Trade creditors	44,278	50,174
Amounts owed to subsidiary undertakings	11,744	11,944
Amounts owed to fellow group undertakings	19,658	42,242
Obligations under finance leases and hire purchase agreements	1,685	1,523
Taxation & social security	1,960	2,227
Corporation tax	1,236	(210)
Accruals	11,825	9,788
Deferred income	11,578	3,863
Other creditors	8,484	6,121
Bank Overdraft	145	1,010
	-----	-----
	112,593	128,682
	-----	-----

BRITANNIA AIRWAYS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

13) CREDITORS (Amounts falling due after more than one year)

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Deferred income	56,652	33,357
Obligations under finance leases and hire purchase agreements due:		
Between two and five years	8,600	7,817
Greater than five years	16,442	20,206
	-----	-----
	81,694	61,380
	-----	-----

Deferred income includes profit on sale of certain aircraft to group undertakings which is being amortised over the period of the operating lease agreements.

14) OBLIGATIONS UNDER OPERATING LEASES

At 31 December 1996, the Company has payments committed for next year under operating leases as set out below:

	<u>Aircraft and Plant</u>	<u>Land and Buildings</u>
	£000s	£000s
Leases expiring:		
Within one year	1,129	-
	-----	-----
Between two and five years	79,341	138
	-----	-----
Greater than five years	13,618	593
	-----	-----

BRITANNIA AIRWAYS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

15) HIRE PURCHASE OBLIGATIONS

Hire purchase commitments arise as follows:-

Gross obligations due

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Within one year	3,087	3,143
Between two and five years	12,990	12,805
Greater than five years	19,206	23,970
	-----	-----
	35,283	39,918
Less implicit interest	(8,556)	(10,372)
	-----	-----
Net Creditor	26,727	29,546
	-----	-----

16) PROVISIONS FOR LIABILITIES AND CHARGES

The amount provided for deferred taxation at 31 December is shown below. 'Potential Liability' shows the liability that would have arisen if deferred tax had been provided on all timing differences.

	<u>Amount Unprovided</u>	<u>Amount Provided</u>	<u>Potential Liability</u>
	£000s	£000s	£000s
<u>1996</u>			
Accelerated capital allowances	22,712	6,877	29,589
Provisions	(1,242)	(151)	(1,393)
Other timing differences	(3,576)	(3,365)	(6,941)
	-----	-----	-----
	17,894	3,361	21,255
	-----	-----	-----
<u>1995</u>			
Accelerated capital allowances	22,322	7,664	29,986
Provisions	(982)	(120)	(1,102)
Other timing differences	39	(539)	(500)
	-----	-----	-----
	21,379	7,005	28,384
	-----	-----	-----

BRITANNIA AIRWAYS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

17) CAPITAL AND RESERVES

	<u>1996</u>	<u>1995</u>
	£000s	£000s
i) <u>Share Capital</u>		
<u>Authorised:</u>		
150,000,000 Ordinary Shares of £1 each	150,000	150,000
	-----	-----
<u>Issued and fully paid:</u>		
118,615,000 Ordinary Shares of £1 each	118,615	118,615
	-----	-----
ii) <u>Reserves</u>		
At 1 January 1996	17,985	14,637
Profit for the financial year	11,188	3,348
	-----	-----
At 31 December 1996	29,173	17,985
	-----	-----

18) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	£000s	£000s
Profit for the financial year attributable to shareholders	11,188	23,348
Dividends	-	(20,000)
	-----	-----
Retained Earnings	11,188	3,348
	-----	-----
Net increase in Shareholders' Funds	11,188	3,348
Shareholders' Funds at start of year	136,600	133,252
	-----	-----
Shareholders' Funds at end of year	147,788	136,600
	-----	-----

BRITANNIA AIRWAYS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

19) PENSIONS

The Company operates three funded pension schemes providing pension benefits to its employees based on final pensionable salary. The Britannia Airways Limited Superannuation and Life Assurance Scheme (Britannia Scheme) and the Orion Airways Pension and Life Assurance Scheme (Orion Scheme) provide defined benefits to aircrew while all other employees are entitled to join the Thomson Travel Group Pension Scheme (TTGPS) which is a defined contribution scheme. Scheme assets are held in separate trustee-administered funds.

The particulars of the actuarial valuation of the TTGPS are set out in the financial statements of Thomson Travel Group Limited.

Pension costs are assessed in accordance with the advice of a qualified actuary using the aggregate method, with all schemes having been actuarially assessed within 2 years prior to the balance sheet date.

With regard to the defined benefit schemes, the market value of scheme assets at the balance sheet date was £192.1 million and covered 115% of projected scheme liabilities. The latest actuarial valuation was performed on 31 March 1996.

The actuary has confirmed that the funding position at 31 December 1996 will not result in any significant change to the contribution rates payable to any of the schemes.

The main long term assumptions were:-

Rate of investment return	8% per annum
Rate of increase in pensionable salaries	6 1/2 % per annum
Rate of increase in pensions in payment	5% per annum
Allowance for withdrawals	Nil
Rate of increase in dividends	4% per annum

BRITANNIA AIRWAYS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

20) 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 The Thomson Corporation in which the Company is included are available at the address noted above.