

Insight Group Limited

**Directors' report and financial
statements**

Registered number 57993

31 December 2018



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Strategic report

The directors present their annual strategic report, directors' report and the audited financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the Group is the sale of European and USA coach tours and other travel arrangements. The principal activity of the Company is that of a holding company.

Performance of the Business

The performance of the Group was similar to the previous year although the financial results were impacted by the weakening of sterling. The directors are satisfied with the results for the year, and anticipate that the present levels of activity will be maintained for the foreseeable future. The loss for the year, after taxation, was £2,264,688 (2017 profit: £1,312,653). The directors do not recommend the payment of a dividend (2017: £nil).

Key performance indicators

The key indicators of performance revolve around bookings, wages and salaries and other overhead costs. On all these measures, the directors are satisfied that budget assumptions are being met.

Principal risks and uncertainties

The level of business is affected by exchange rate movements and other major external factors such as war and terrorism.

Prices are impacted by exchange rate movements and inflationary pressures. Exchange rates are monitored with a view to trying to minimise exchange rate risk where practicable. Rates are guaranteed by a holding company which mitigates much of the exchange rate risk. Costs are contracted and reviewed prior to the start of the year to minimise increases, which in turn have an impact on prices.

The Group uses financial instruments comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The main risk arising from the Group's financial instruments is credit risk. The directors review and agree policies for managing financial risks. Generally full payment is required prior to travel, which eliminates the credit risk and reduces the liquidity risk. Other credit risk is managed by agreeing payment terms in advance and by having in place appropriate credit control procedures.


Brexit

Whilst the outcome and impact of Brexit is unknown the directors have considered the possible impact on the company and consider that due to the nature of the company's business, they believe that the outcome is unlikely to be significant.

Future developments

The directors aim to maintain the management policies which have resulted in the Company's and the Group's results for the year. The directors believe that acceptable levels of operating profitability will be delivered in 2019.

By order of the board


DID Howie
Director

14 Grosvenor Place
London
SW1X 7HH
30 September 2019

Directors' report

The directors present their report together with the financial statements and the independent auditor's report for the year ended 31 December 2018. A summary of the financial performance and position of the company is discussed in the Strategic report.

Financial instruments

Details of the Group's financial management objectives and policies are included in note 21 to the financial statements.

Directors and directors' interests

The directors who held office during the year were as follows:

DID Howie

Benjamin Hall (appointed 19 February 2018)

Anrialiesa Chapman (resigned 19 February 2018)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company (2017: *£nil*).

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Political and charitable contributions

Donations to UK charities amounted to £9,212 for the year ended 31 December 2018 (2017: £5,997). Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure in the year (2017: *£nil*).

Employee involvement

Within the bounds of commercial confidentiality staff at all levels are kept fully informed of matters that affect the progress of the Group and are of interest to them as employees.

Disabled employees

Disabled employees are given full and fair consideration for all types of vacancy. If an existing employee becomes disabled, such steps as are practical and reasonable are taken to retain him/her in employment. Where appropriate, assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, except insofar as such opportunities are constrained by the practical limitations of their disability.

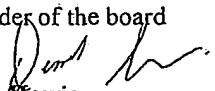
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


DID Howie
Director

14 Grosvenor Place
London
SW1X 7HH
30 September 2019

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Insight Group Limited

Opinion

We have audited the financial statements of Insight Group Limited ("the company") for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial position, Consolidated and Company Statement of Changes in Equity and Consolidated and Company Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Brexit other matter paragraph

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the carrying value of assets and liabilities and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit. We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Nicola Quayle

Nicola Quayle (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peter's Square

Manchester

M2 3AE

30 September 2019

Consolidated Statement of Comprehensive Income
for year ended 31 December 2018

	<i>Note</i>	2018 £	2017 £
Revenue	2	135,765,357	129,542,689
Cost of sales		(95,597,697)	(89,285,463)
Gross profit		40,167,660	40,257,226
Other operating expenses	3	(5,742,151)	(6,376,689)
Distribution expenses	3	(15,088,340)	(14,235,790)
Administrative expenses	3,4	(22,408,794)	(18,466,005)
Operating (loss)/profit		(3,071,625)	1,178,742
Finance income	7	611,018	404,541
Finance expense	7	(1,010)	(1,910)
(Loss)/profit before tax		(2,461,617)	1,581,373
Income tax credit/(expense)	8	196,929	(268,720)
(Loss)/profit for the year		(2,264,688)	1,312,653
Other comprehensive (loss)/income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences		206,980	(1,228,787)
Total comprehensive (loss)/income for the year		(2,057,708)	83,866

All results relate to continuing operations.

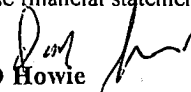
The notes on pages 10 to 36 form an integral part of these consolidated financial statements.

Consolidated and Company Statements of Financial position
at 31 December 2018

	Note	Group		Company	
		2018	2017	2018	2017
		£	£	£	£
Non-current assets					
Property, plant and equipment	9	3,334,844	2,964,470	-	-
Investments in subsidiaries	10	-	-	2,282,754	2,282,754
Amounts due from related parties	12	6,316,156	4,977,073	-	-
Deferred tax assets	17	1,493,928	115,772	-	-
		<u>11,144,928</u>	<u>8,057,315</u>	<u>2,282,754</u>	<u>2,282,754</u>
Current assets					
Tax receivables		30,865	2,314,287	-	-
Trade and other receivables	11	8,433,066	9,346,405	-	-
Amounts due from related parties	12	59,564,891	51,675,147	2,574,258	75,444
Cash and cash equivalents	13	30,302,705	50,464,744	-	-
		<u>98,331,527</u>	<u>113,800,583</u>	<u>2,574,258</u>	<u>75,444</u>
Total assets		<u>109,476,455</u>	<u>121,857,898</u>	<u>4,857,012</u>	<u>2,358,198</u>
Non-current liabilities					
Amounts due to related parties	15	(861,574)	(906,060)	-	-
Deferred tax liabilities	17	(72,779)	(75,778)	(1,444)	(1,444)
		<u>(934,353)</u>	<u>(981,838)</u>	<u>(1,444)</u>	<u>(1,444)</u>
Current liabilities					
Overdrafts	13	-	(288,246)	-	-
Trade and other payables	14	(12,907,649)	(9,258,821)	-	-
Amounts due to related parties	15	(39,225,948)	(26,521,549)	(97,055)	(53,434)
Deferred income	16	(23,102,373)	(48,254,175)	-	-
Tax payable		(461,995)	(1,651,425)	-	-
		<u>(75,697,965)</u>	<u>(85,974,216)</u>	<u>(97,055)</u>	<u>(53,434)</u>
Total liabilities		<u>(76,632,318)</u>	<u>(86,956,054)</u>	<u>(98,499)</u>	<u>(54,878)</u>
Net assets		<u>32,844,137</u>	<u>34,901,844</u>	<u>4,758,513</u>	<u>2,303,320</u>
Equity					
Share capital	19	11,059,492	11,059,492	11,059,492	11,059,492
Share premium		6,617	6,617	6,617	6,617
Translation reserve		3,095,488	2,888,507	-	-
Other reserves		1,820,001	1,820,001	300,000	300,000
Retained earnings		16,862,539	19,127,227	(6,607,596)	(9,062,789)
Total equity		<u>32,844,137</u>	<u>34,901,844</u>	<u>4,758,513</u>	<u>2,303,320</u>

The notes on pages 10 to 36 form an integral part of these consolidated financial statements.

These financial statements were approved by the board of directors on 30 September 2019 and were signed on its behalf by:


DID Howie
Director

Consolidated Statement of Changes in Equity
for the year ended 31 December 2018

	Share capital £	Share premium £	Other reserves £	Translation reserve £	Retained earnings £	Total Equity £
Balance at 1 January 2017	11,059,492	6,617	1,820,001	4,117,294	17,814,574	34,817,978
Profit for the year	-	-	-	-	1,312,653	1,312,653
Foreign currency translation	-	-	-	(1,228,787)	-	(1,228,787)
Balance at 31 December 2017	11,059,492	6,617	1,820,001	2,888,507	19,127,227	34,901,844
Balance at 1 January 2018	11,059,492	6,617	1,820,001	2,888,507	19,127,227	34,901,844
Loss for the year	-	-	-	-	(2,264,688)	(2,264,688)
Foreign currency translation	-	-	-	206,981	-	206,981
Balance at 31 December 2018	11,059,492	6,617	1,820,001	3,095,488	16,862,539	32,844,137

Company Statement of Changes in Equity
for the year ended 31 December 2018

	Share capital £	Share premium £	Other reserves £	Retained Earnings £	Total parent Equity £
Balance at 1 January 2017 and 31 December 2017	11,059,492	6,617	300,000	(9,062,789)	2,303,320
Balance at 1 January 2018	11,059,492	6,617	300,000	(9,062,789)	2,303,320
Dividends received during the year	-	-	-	2,455,193	2,455,193
Balance at 31 December 2018	11,059,492	6,617	300,000	(6,607,596)	4,758,513

The notes on pages 10 to 36 form an integral part of these consolidated financial statements

Consolidated and Company Statements of Cash Flows
For the year ended 31 December 2018

	Note	Group 2018 £	2017 £	Company 2018 £	2017 £
Cash flows from operating activities					
(Loss)/profit for the year		(2,264,688)	1,312,653	-	-
Adjustments for:					
Depreciation	9	710,628	797,199	-	-
Financial income	7	(611,018)	(404,541)	-	-
Financial expense	7	1,010	1,910	-	-
Gain on sale of property, plant and equipment		(3,155)	(130)	-	-
Taxation (credit)/expense	8	(196,929)	268,720	-	-
Unrealised foreign exchange gains and losses		532,324	554,667	-	-
Profit before changes in working capital		(1,831,828)	2,530,478		-
Decrease/(increase) in trade and other receivables		(8,315,487)	2,124,258	(2,498,814)	(13,334)
(Decrease)/increase/in trade and other payables		(8,798,574)	(7,904,347)	43,623	13,334
Cash used in operations		(18,945,889)	(3,249,613)	(2,455,191)	-
Interest paid	7	(1,010)	(1,910)	-	-
Tax paid		(90,235)	(1,364,598)	-	-
Net cash (used in)/from operating activities		(19,037,134)	(4,616,121)	-	-
Cash flows from investing activities					
Proceeds on property, plant and equipment		7,339	177,458	-	-
Purchase of property, plant and equipment	9	(1,047,156)	(770,849)	-	-
Interest received	7	611,018	404,541	-	-
Dividends received		-	-	2,455,191	-
Net cash (used in)/from investing activities		(428,799)	(188,850)	2,455,191	-
Cash flows from financing activities					
Decrease in long term loans due to related parties		(44,486)	(66,636)	-	-
Net cash used in financing activities		(44,486)	(66,636)	-	-
Net decrease in cash and cash equivalents		(19,510,419)	(4,871,607)	-	-
Cash and cash equivalents at 1 January		50,176,498	56,797,779	-	-
Effect of exchange rate changes on cash and cash equivalents		(363,374)	(1,749,674)	-	-
Cash and cash equivalents at 31 December		30,302,705	50,176,498	-	-
Cash and cash equivalents consist of:					
Cash and cash equivalents	13	30,302,705	50,464,744	-	-
Bank overdrafts	13	-	(288,246)	-	-
		30,302,705	50,176,498	-	-

The notes on pages 10 to 36 form an integral part of these consolidated, financial statements.

Notes

(Forming part of the financial statements)

1 Accounting policies

Insight Group Limited ("Insight") is a company incorporated in the UK in 1898. The registered number is: 57993 and the registered address is 14 Grosvenor Place, London, SW1X 7HH.

Basis of preparation

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income, and related notes that form a part of these approved financial statements.

The consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

The financial statements have been prepared on the historical cost basis. These financial statements are presented in UK Sterling Pound ("£"), which is the Group's functional currency. All financial information presented in £ has been rounded to the nearest pound.

Going concern

Company

The Company has net current assets of £2,572,814 as at 31 December 2018 and therefore the financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reason.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Group

The directors have assessed the going concern of the Group and are satisfied that, having reviewed the forecasts of the Group and taking account of reasonably possible downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements include Insight Group Limited and its significantly controlled subsidiaries. The results of the subsidiaries are included from the effective dates of control until the effective dates of loss of control.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Insight Group Limited. All inter-company transactions, balances, income and expenses are eliminated upon consolidation.

Notes (continued)

I Accounting policies (continued)

Revenue

Revenue represents the invoice value, excluding value added tax, of services rendered to third parties. Turnover arose largely from travel agency activities, tour operating and the income earned from the provision of administrative services

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Gains or losses resulting from foreign currency translation upon consolidation are taken to the statement of changes in equity and recorded in the non-distributable foreign currency translation reserve.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations and fair value adjustments arising on consolidation are translated at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Financial instruments

Non-derivative financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, amounts due to/from related parties, trade and other receivables, bank overdraft, trade and other payables and taxes payable and receivable. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through statement of comprehensive income, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the Group has become a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligation specified in the contract expire or are discharged or cancelled.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the financial instrument is impaired.

Investments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Notes (continued)

1 Accounting policies (continued)

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Property, plant and equipment

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- freehold property 2% per annum
- short leasehold property over the term of the lease
- fittings, office equipment and motor vehicles 3 to 10 years on cost

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the statement of financial position under property, plant and equipment and are depreciated over their expected useful lives. The capital element of the future payments is treated as a liability and the interest is charged to the statement of income at a constant rate based on the balance of capital repayments outstanding.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Notes (continued)

1 Accounting policies (continued)

Expenses

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net financing costs

Net financing costs comprise interest payable, finance charges on finance leases, interest receivable on funds invested, dividend income, foreign exchange gains and losses that are recognised in the statement of comprehensive income.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established.

Employee entitlements

Defined benefit plans

Certain of the Group's UK subsidiaries participate in a group defined benefit pension scheme, which was closed to new members from 30 April 2004. The assets of the scheme are held separately from those of the Company in separate trustee administered funds. The pension scheme is a group plan and Insight Group Limited is not the sponsoring entity. Consequently, the scheme is accounted for as defined contribution scheme and obligations for contributions are recognised as an expense in the statement of comprehensive income as incurred.

Defined contribution plans

From 1 May 2004, the Group participated in a group defined contribution scheme. The assets of the scheme are held separately from those of the Company in separate trust administered funds. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxes

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Notes (continued)

1 Accounting policies (continued)

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Critical accounting judgements and estimates

Critical accounting estimates are those which involve the most complex and subjective judgements or assessments. The determination of these items requires management to make judgements based on information and financial data that may change in future periods.

Property, plant and equipment

Property, plant and equipment are depreciated over their useful lives. Useful lives are based on management's estimates of the period over which the assets will generate revenue, and are periodically reviewed for continued appropriateness. Due to the long lives of certain assets, changes to the estimates used can result in significant variations in the carrying value.

The Group and Company assess the impairment of property, plant and equipment subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- significant underperformance relative to historical or projected future operating results;

Critical accounting judgements and estimates

- significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- significant negative industry or economic trends.

The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group and Company's accounting estimates in relation to property, plant and equipment and intangible assets affect the amounts reported in the financial statements, especially the estimates of the expected useful economic lives and the carrying values of those assets. If business conditions were different, or if different assumptions were used in the application of this and other accounting estimates, it is likely that materially different amounts could be reported in the Group and Company's financial statements.

New standards and interpretations adopted

The Group has adopted the following standards, amendments and interpretations during the year which have not had a significant impact on the Group's results:

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. The standard introduces a new revenue recognition model that recognise revenue either at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It has been determined that no changes are required to our current revenue recognition methods as these are still within material adherence of IFRS 15.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, and as the policies applied in the prior year were materially appropriate under IFRS 15, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not been applied to the comparative information.

Notes (continued)

1 Accounting policies (continued)

IFRS 9 'Financial Instruments'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The main financial statement caption effected is receivables. As a result of the adoption of IFRS 9, the new single expected credit loss impairment model is now applied in calculating the provision for credit losses. Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial assets or financial liabilities.

New standards and interpretations not yet applicable

IFRS 16 'Leases'

In January 2016, the IASB issued IFRS 16 which is expected to apply to an entity's first annual statement beginning on or after 1 January 2019. It eliminates the current IAS 17 dual accounting model, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases and, instead, introduces a single, on-balance sheet accounting model that is similar to current finance lease accounting.

The Company currently has several operating leases for buildings and machinery. At adoption on 1 January 2019 these will be recognised in the Statement of Financial Position as a right of use asset and with a corresponding liability for the minimum lease payments. There will also be an impact on profit before tax as a result of increased depreciation charges and finance costs. The Company is currently in the process of quantifying the impact of these changes. The option for transition to be taken by the Company is the modified retrospective approach under IFRS 16.

2 Revenue

	2018 £	2017 £
Tour revenue	121,882,139	116,190,565
Management fees	12,250,469	11,982,140
Other (rentals etc.)	1,632,749	1,369,983
	<u>135,765,357</u>	<u>129,542,689</u>

3 Expenses

Included in profit are the following:

Group	2018 £	2017 £
Salaries and wages	21,569,727	20,816,474
Pension cost	552,341	543,254
Depreciation of property, plant and equipment	710,628	797,199
(Gain)/loss on disposal of property, plant and equipment	(3,155)	130
Operating lease charges	547,370	572,880
	<u>23,376,711</u>	<u>22,730,937</u>

Notes (continued)

4 Auditor's remuneration

	2018 £	2017 £
Group		
Audit of these financial statements	7,500	7,500
<i>Amounts receivable by the company's auditor and its associates in respect of:</i>		
Audit of financial statements of subsidiaries of the company	251,333	250,621
Other tax advisory services	6,682	27,372
All other services	16,798	25,681

5 Staff numbers and costs

The average number of persons employed by the Group during the year, analysed by category, was as follows:

	Number of employees 2018	2017
Sales and services	122	139
Administration	365	282
	487	421

The aggregate payroll costs of these persons were as follows:

	2018 £	2017 £
Wages and salaries	20,200,865	19,496,850
Social security costs	1,368,862	1,319,624
Other pension costs	552,341	543,254
	22,122,068	21,359,728

The company has no employees.

6 Remuneration of directors

	2018 £	2017 £
Directors' emoluments	124,504	121,895

	Number of directors 2018	2017
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	2	2

Notes (continued)

7 Finance income and expense

	2018 £	2017 £
<i>Finance income</i>		
Interest income	434,874	366,758
Loss on interest rate derivatives	176,144	37,783
Total finance income	<u>611,018</u>	<u>404,541</u>
<i>Finance expense</i>		
Finance charges	(1,010)	(1,910)
Total finance expense	<u>(1,010)</u>	<u>(1,910)</u>

8 Income tax expense

Recognised in the statement of comprehensive income

	2018 £	2017 £
<i>Current tax expense</i>		
Current year	1,184,226	192,095
	<u>1,184,226</u>	<u>192,095</u>
<i>Deferred taxation</i>		
Origination and reversal of temporary differences (note 17)	(1,381,155)	76,625
	<u>(1,381,155)</u>	<u>76,625</u>
Total tax (credit)/expense in statement of comprehensive income	<u>(196,929)</u>	<u>268,720</u>

Reconciliation of effective tax rate

	2018 £	2017 £
(Loss)/profit before tax	(2,461,617)	1,581,373
Tax using the UK corporation tax rate of 19.0% (2017: 19.5%)	(467,707)	304,414
Effect of differences in overseas tax rates on subsidiaries	195,895	(162,295)
Non-deductible expenses	125,096	103,534
Effect of tax losses utilised	1,009,598	(6,641)
Over/(under) provided in prior years	321,344	(46,917)
Deferred tax recognised in the year	(1,381,155)	76,625
Total tax in statement of comprehensive income	<u>(196,929)</u>	<u>268,720</u>

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2017) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2018) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2017, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2018. This will reduce the company's future tax charge accordingly. The deferred tax liability at 31 December 2018 has been calculated based on these rates.

Notes (continued)

9 Property, plant and equipment – Group

	Freehold property £	Short term leasehold property £	Fixtures, office equipment, motor vehicles £	Total £
Cost				
Balance at 1 January 2017	693,262	929,785	5,508,738	7,131,785
Acquisitions	-	268,722	472,732	741,454
Acquisitions under construction	-	-	29,395	29,395
Disposals	-	-	(461,215)	(461,215)
Effect of movement in foreign exchange rates	-	(16,069)	(186,098)	(202,167)
Balance at 31 December 2017	693,262	1,182,438	5,363,552	7,239,252
Balance at 1 January 2018	693,262	1,182,438	5,363,552	7,239,252
Acquisitions	-	7,076	998,708	1,005,784
Acquisitions under construction	-	-	41,372	41,372
Disposals	-	-	(44,730)	(44,730)
Effect of movement in foreign exchange rates	-	29,711	140,425	170,136
Balance at 31 December 2018	693,262	1,219,225	6,499,327	8,411,814
Depreciation and impairment				
Balance at 1 January 2017	184,252	533,375	3,212,231	3,929,858
Depreciation charge for the year	13,865	97,161	686,173	797,199
Disposals	-	-	(283,887)	(283,887)
Effect of movement in foreign exchange rates	-	(8,945)	(159,443)	(168,388)
Balance at 31 December 2017	198,117	621,591	3,455,074	4,274,782
Balance at 1 January 2018	198,117	621,591	3,455,074	4,274,782
Depreciation charge for the year	14,900	111,753	583,975	710,628
Disposals	-	-	(40,545)	(40,545)
Effect of movement in foreign exchange rates	-	16,497	115,608	132,105
Balance at 31 December 2018	213,017	749,841	4,114,112	5,076,970
Net book value				
At 1 January 2017	509,010	396,410	2,296,507	3,201,927
At 31 December 2017 and 1 January 2018	495,145	560,847	1,908,478	2,964,470
At 31 December 2018	480,244	469,384	2,385,216	3,334,844

Leased plant and machinery

At 31 December 2018 the net carrying amount of leased plant and machinery was nil (2017: £nil).

Security

None of the assets are pledged as security.

Notes (continued)

10 Investments in subsidiaries

The Company has the following investments in subsidiaries:

			2018 £	2017 £
Investment in subsidiaries			2,282,754	2,282,754
			<u> </u>	<u> </u>
<i>Company</i>	Country of registration	Class of shares held	Ownership	
			2018	2017
Insight International Tours Limited	Scotland	Ordinary	100%	100%
Evan Evans Tours Limited	England and Wales	Ordinary	100%	100%
Evan Evans Transport Limited	England and Wales	Ordinary	100%	100%
Insight Vacations Limited	Scotland	Ordinary	100%	100%
Insight Travel Services Limited	England and Wales	Ordinary	100%	100%
Busabout (UK) Limited	England and Wales	Ordinary	100%	100%
<i>Group</i>				
Insight International Tours Limited	Scotland	Ordinary	100%	100%
Insight Vacations Inc.	USA	Ordinary	100%	100%
Destination America Inc.	USA	Ordinary	100%	100%
Travcorp U.S.A Inc.	USA	Ordinary	100%	100%
Destination America Tours Ltd	Canada	Ordinary	100%	100%
Insight Vacations Pty Limited	Australia	Ordinary	100%	100%
Insight Vacations (Canada) Limited	Canada	Ordinary	100%	100%
Evan Evans Tours Limited	England and Wales	Ordinary	100%	100%
Evan Evans Transport Limited	England and Wales	Ordinary	100%	100%
Insight Vacations Limited	Scotland	Ordinary	100%	100%
Insight Travel Services Limited	England and Wales	Ordinary	100%	100%
Busabout (UK) Limited	England and Wales	Ordinary	100%	100%
Radical Travel Group Limited	Scotland	Ordinary	100%	100%
Morag's Lodges Limited	Scotland	Ordinary	100%	100%
Shamrock Adventures Limited	Republic of Ireland	Ordinary	100%	100%

Notes (continued)

11 Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade receivables	2,754,169	1,550,799	-	-
Other debtors	1,254,031	1,091,399	-	-
Prepayments and accrued income	4,424,866	6,704,207	-	-
	<u>8,433,066</u>	<u>9,346,405</u>	<u>-</u>	<u>-</u>

Also included in the balances above are the following UK sterling equivalent debtors held in other currencies.

	2018	2017
	£	£
Euro	13,458	6,664
Canadian dollars	331,563	484,213
US dollars	4,753,055	3,151,043
Singapore dollars	474,751	402,872
Australian dollars	924,830	3,912,935

An analysis of related party transactions is given in note 22.

12 Amounts due from related parties – current

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Due from related parties				
Travcorp Financial Services Limited	7,134,246	7,083,246	-	-
801 East Katella Inc	2,398,118	2,311,649	-	-
Trafalgar Tours USA Ltd	375,106	355,741	-	-
Insight Travel Group Ltd	42,705,545	34,288,794	2,572,041	-
Insight Travel Services Ltd	-	-	2,217	-
Travcorp Management Services Ltd	703,982	481,289	-	-
Trafalgar Tours International Ltd	383,463	640,781	-	-
Travel Corporation NZ Ltd	-	1,455,747	-	-
Busabout Operations Ltd	287,181	152,678	-	-
Uniworld River Cruises Inc	2,210,944	1,163,787	-	-
Tracoin Services Limited	245,908	197,404	-	-
Contiki (US) Holdings Inc	295,404	279,802	-	-
African Travel (2003) Inc	37,063	195,157	-	-
Trafalgar Tour West Inc	-	1,162,689	-	-
Contiki Holidays (Australia) Pty Ltd	58,553	331,485	-	-
Contiki Tours International Ltd	516,197	-	-	75,444
TTC Travel Group Ltd	457,158	-	-	-
The Travel Corporation (PTY) Ltd	411,305	-	-	-
Red Carnation Hotels	306,222	-	-	-
Other related companies	1,038,496	1,574,898	-	-
	<u>59,564,891</u>	<u>51,675,147</u>	<u>2,574,258</u>	<u>75,444</u>

Notes (continued)

12 Amounts due from related parties - current (continued)

Included in the above balances are the following UK sterling equivalent balances held in other currencies.

Due from	Group	
	2018 £	2017 £
Canadian dollars	167,851	1,011
US dollars	50,584,641	41,684,674
Australian dollars	5,227,816	4,933,831
New Zealand dollars	686,836	1,457,947
Singapore dollars	2,897,747	355,567

Included in non-current assets is £6,316,156 (2017: £4,977,073) amounts are repayable between one and ten years at the interest rate of 2.75%.

13 Cash and cash equivalents

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Cash per statement of financial position	30,302,705	50,464,744	-	-
Overdraft	-	(288,246)	-	-
Cash and cash equivalents per statement of cash flows	30,302,705	50,176,498	-	-

Included in the Group cash at bank balances are the following UK sterling equivalent balances held in other currencies:

	Group	
	2018	2017
Euro	390,222	296,104
Canadian dollars	3,568,778	4,478,403
US dollars	12,758,774	13,673,720
Singapore dollars	2,263,721	1,495,335
Australian dollars	5,935,825	24,459,380
Swiss Francs	5,368,186	272,299

Notes (continued)

14 Trade and other payables

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Other trade payables	3,400,696	1,850,594	-	-
Non-trade payables and accrued expenses	9,506,953	7,408,227	-	-
	<u>12,907,649</u>	<u>9,258,821</u>	<u>-</u>	<u>-</u>

Also included in the balances above are the following UK sterling equivalent creditors held in other currencies:

	Group	
	2018 £	2017 £
Euro	55,347	49,505
Canadian dollars	118,661	411,314
US dollars	5,604,135	3,001,941
Singapore dollars	4,670,849	3,373,520
Australian dollars	230,024	845,638
	<u>6,678,976</u>	<u>7,681,918</u>

An analysis of related party transactions is given in note 22.

15 Amounts due to related parties

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Due to related parties				
Insight Travel Group Ltd	19,897,802	20,579,297	-	-
Trafalgar Tours West Inc	1,977,725	287,441	-	-
Travcorp Financial Services Ltd	22,500	79,147	-	-
Trafalgar Tours USA Inc	3,918	32,797	-	-
Trafalgar Tours Canada	19,047	23,396	-	-
TTC Travel Group Ltd	4,943,246	4,867,951	-	-
Contiki (US) Holdings Inc	-	1,205	-	-
Grand European Tours (2003) Inc	80,106	233,648	-	-
Travcorp Management Services Ltd	74,391	66,889	-	-
Trafalgar Tours International Ltd	11,326,642	286,039	-	-
Travel Corporation Canada Ltd	201,525	249,522	-	-
TTC Consol PTY Ltd	359,639	376,341	-	-
Travel Corporation Asia Ltd	197,680	220,698	-	-
Other related companies	121,727	123,238	97,055	53,434
	<u>39,225,948</u>	<u>27,427,609</u>	<u>97,055</u>	<u>53,434</u>

Included in non-current liabilities, £861,574 (2017: £906,060) amounts are repayable between two and three years at interest rate ranging from 0.0% to 2.0%.

Notes (continued)

15 Amounts due to related parties (continued)

Also included in the above balances are the following UK sterling equivalent balances held in other currencies:

	Group	
	2018	2017
	£	£
Canadian dollars	601,027	1,344,894
US dollars	25,327,931	23,689,112
Singapore dollars	11,326,642	506,737
Australian dollars	564,655	420,793
Euros	91	21,748
	<u> </u>	<u> </u>

16 Deferred income

	Group	
	2018	2017
	£	£
Deferred income	23,102,373	48,254,175
	<u> </u>	<u> </u>

Deferred income, classified as current, consists of payments received in advance for tours due to depart in the next financial year.

Notes (continued)

17 Deferred tax assets and liabilities

Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
	£	£	£	£	£	£
Property, plant and equipment	1,493,928	115,772	(72,779)	(75,778)	1,421,149	39,994
Total tax assets/(liabilities)	1,493,928	115,772	(72,779)	(75,778)	1,421,149	39,994

Movement in deferred tax during the year

	1 January 2018	Recognised in income	31 December 2018
	£	£	£
Property, plant and equipment	39,994	1,381,155	1,421,149
	<u>39,994</u>	<u>1,381,155</u>	<u>1,421,149</u>

Movement in deferred tax during the prior year

	1 January 2017	Recognised in income	31 December 2017
	£	£	£
Property, plant and equipment	116,619	(76,625)	39,994
	<u>116,619</u>	<u>(76,625)</u>	<u>39,994</u>

Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
	£	£	£	£	£	£
Property, plant and equipment	(1,444)	-	(1,444)	(1,444)	-	(1,444)
Total tax assets/(liabilities)	(1,444)	-	(1,444)	(1,444)	-	(1,444)

Notes (continued)

18 Profit sharing plan and pension fund

Profit sharing plan

Insight Vacations Inc, together with Contiki US Holdings Inc, Trafalgar Tours USA and Trafalgar Tours West Inc, fellow subsidiaries of the Parent, has a profit sharing plan qualified under Section 401(k) of the Internal Revenue Code of 1986 (the "401(k) plan"). Contributions to the 401(k) Plan for eligible employees are funded solely through participant's salary reduction elections.

Pension plans

The Company contributes to a group pension scheme. The scheme comprises a group plan defined benefit scheme, which was closed to new members from 30 April 2004 and closed to further accrual from 1 May 2011, and a group plan defined contribution scheme, which was opened on 1 May 2004.

The assets of the scheme are held in separate trustee administered funds. The full actuarial valuation of the scheme is included below, however the defined benefit group plan is accounted for as a defined contribution scheme in Insight Group Limited, as there is no contractual agreement allocating the cost of the scheme between entities.

During the year ended 31 December 2018 £266,283 was charged against profits in respect of the defined benefit scheme (2017: £45,029), and £286,058 was charged against profits in respect of the defined contribution scheme (2017: £168,034).

	2018	2017
	£000	£000
Present value of funded defined benefit obligations	36,468	44,689
Fair value of plan assets	(22,651)	(27,331)
Net liability	<u>13,817</u>	<u>17,358</u>

Movement in the present value of the defined benefit obligation:

	2018	2017
	£000	£000
Liability for defined benefit obligations at 1 January	44,689	44,327
Interest cost	998	1,140
Past service cost	361	-
Gain on settlement	(1,767)	-
Benefits paid by the plan	(4,335)	(964)
Actuarial (gains)/losses recognised in equity	(3,478)	186
Liability for defined benefit obligations at 31 December	<u>36,468</u>	<u>44,689</u>

Notes (continued)

18 Profit sharing plan and pension fund (continued)

Movement in fair value of plan assets:

	2018	2017
	£000	£000
Fair value of plan assets at 1 January	27,331	25,295
Employer contributions	614	656
Interest cost	861	834
Benefits paid by the plan	(4,335)	(964)
Actuarial gains recognised in equity	(1,820)	1,150
	<hr/>	<hr/>
Fair value of plan assets at 31 December	22,651	27,331
	<hr/>	<hr/>

Expense recognised in statement of comprehensive income

	2018	2017
	£000	£000
Interest cost	384	484
Past service cost	361	-
Gain on settlement	(1,767)	-
	<hr/>	<hr/>
	(1,022)	484
	<hr/>	<hr/>

Plan assets consist of the following:

	2018	2017
	£000	£000
Equity securities	17,192	16,220
Bonds	4,188	8,348
Property	524	2,130
Cash	747	633
	<hr/>	<hr/>
	22,651	27,331
	<hr/>	<hr/>
	2018	2017
	£000	£000
Interest credit (on plan assets)	614	-
Actual return on plan assets	(1,207)	2,166
	<hr/>	<hr/>

Notes (continued)

18 Profit sharing plan and pension fund (continued)

Pension plans (continued)

Actuarial assumptions:

Principal actuarial assumptions at the reporting date (expressed as weighted averages) were as follows:

	2018	2017
	%	%
Discount rate	2.8	2.4
Future salary increases	3.3	3.1
Future pension increases on benefits accrued from 1997 to 2008	3.8	3.8
Future pension increases on benefits accrued post 2008	3.3	3.3
Rate of increase on deferred pensions	2.3	2.1
Retail Price Inflation - pre-retirement	3.3	3.1
Retail Price Inflation - post-retirement	3.5	3.5
Consumer Price Inflation - pre-retirement	2.3	2.1

History of plans

The history of the plans for the current and prior periods is as follows:

	2018	2017	2016	2015 Restated	2014
	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	(36,468)	(44,689)	(44,327)	(34,802)	(36,797)
Fair value of plan assets	22,651	27,331	25,295	21,420	21,248
Deficit in the plan	(13,817)	(17,358)	(19,032)	(13,382)	(15,549)
Experience adjustments on plan liabilities	1.4%	2.5%	0.4%	1.0%	(0.3)%
Experience adjustments on plan assets	(8.0%)	5.5%	10.9%	(1.3%)	0.4%

Notes (continued)

19 Share capital

	Ordinary shares	
	2018	2017
On issue at 1 January and 31 December	11,059,492	11,059,492
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	10,771,275	10,771,275
Cumulative preference shares of £1 each	288,217	288,217

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The 3.5% cumulative shares are non-participating and non-redeemable. The majority holder of the Cumulative preference shares has waived all rights to a dividend until such time as the notice of waiver is revoked. The dividend on the remainder of these shares is fifteen years in arrears in the sum of £32,845 (year ended 2017: £30,444).

Rights of the holders of the Cumulative preference shares

Any profits on the Company deemed as available for distribution shall first be applied in paying the fixed cumulative preference dividend. On any return of capital being made, the holders of the Cumulative preference shares shall be entitled to receive in full the amounts paid up on the participation in the profits or assets of the Company, they shall not be entitled to receive any notice of or attend any General Meeting of the Company unless the business of the meeting includes the consideration of a resolution to wind up the Company or to sanction the sales of the undertaking of the Company or to vary any of the special rights attached to the Shares or where any dividend or part thereof is more than six months in arrears.

Notes (continued)

20 Financial instruments

The Group and Company are exposed to the following risks from its use of financial instruments:

- a) credit risk
- b) liquidity risk
- c) market risk

This note presents information about the Group and Company's exposure to each of the above risks, and their objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment, development and monitoring of the Group's and Company's risk management framework.

The Group's and Company's risk management policies are established to identify and analyse the risks they face, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's and Company's activities. The Group and Company, through training and management standards and procedures aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group and Company receivables from customers and investment securities.

The Directors consider that the Group and Company are not exposed to any significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was therefore as follows:

Group	2018 £	2017 £
Trade receivables	2,754,169	1,550,799
Amounts due from related parties	59,564,891	51,675,147
Cash and cash equivalents	30,302,705	50,176,498
	<u>92,621,765</u>	<u>103,402,444</u>
 Company	 2018 £	 2017 £
Amounts due from related parties	2,574,258	75,444
	<u>2,574,258</u>	<u>75,444</u>

Notes (continued)

20 Financial instruments (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

Group	2018 £	2017 £
Euro-zone		
UK	1,516,809	1,029,840
USA	1,190,028	349,641
Canada	29,218	123,482
Australia	18,114	47,836
	<u>2,754,169</u>	<u>1,550,799</u>

The Company has no trade receivables.

The maximum exposure to credit risk for amounts due from related parties at the reporting date by geographic region was:

Group	2018 £	2017 £
UK	2,897,747	3,242,117
Singapore	686,836	355,567
USA	50,584,641	41,684,674
Canada	167,851	1,011
Australia	5,227,816	4,933,831
New Zealand	-	1,457,947
	<u>59,564,891</u>	<u>51,675,147</u>

Company	2018 £	2017 £
UK	<u>2,574,258</u>	<u>75,446</u>

Impairment losses:

The ageing of trade receivables at the reporting date was:

Group	Gross 2018 £	Impairment 2018 £	Gross 2017 £	Impairment 2017 £
Not past due	2,237,774	-	1,379,481	-
Past due 0-30 days	251,119	-	123,482	-
Past due 31-120 days	155,028	-	47,836	-
More than one year	110,248	-	-	-
	<u>2,754,169</u>	<u>-</u>	<u>1,550,799</u>	<u>-</u>

Notes (continued)

20 Financial instruments (continued)

Impairment losses (continued)

Apart from the above, based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables that are not past due.

The ageing of amounts due from related parties' receivables at the reporting date was:

Group	Gross 2018 £	Impairment 2018 £	Gross 2017 £	Impairment 2017 £
Not past due	59,564,891	-	51,675,147	-
	<u>59,564,891</u>	<u>-</u>	<u>51,675,147</u>	<u>-</u>
	<u><u>59,564,891</u></u>	<u><u>-</u></u>	<u><u>51,675,147</u></u>	<u><u>-</u></u>
Company	Gross 2018 £	Impairment 2018 £	Gross 2017 £	Impairment 2017 £
Not past due	2,574,258	-	75,446	-
	<u>2,574,258</u>	<u>-</u>	<u>75,446</u>	<u>-</u>
	<u><u>2,574,258</u></u>	<u><u>-</u></u>	<u><u>75,446</u></u>	<u><u>-</u></u>

Liquidity risk

Liquidity risk is the risk that the Group or Company will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group or the Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group	Carrying amount £	Contractual cash flows £	6 months or less £	6-12 months £	1-2 years £	2-5 years £	More than 5 years £
31 December 2018							
<i>Non-derivative financial liabilities</i>							
Finance lease liabilities	-	-	-	-	-	-	-
Trade payables	(3,400,696)	(3,400,696)	(3,400,696)	-	-	-	-
Amounts due to related parties	(40,087,522)	(40,087,522)	(39,225,949)	-	(861,574)	-	-
	<u>(43,488,218)</u>	<u>(43,488,218)</u>	<u>(42,638,645)</u>	<u>-</u>	<u>(861,574)</u>	<u>-</u>	<u>-</u>
Total	<u><u>(43,488,218)</u></u>	<u><u>(43,488,218)</u></u>	<u><u>(42,638,645)</u></u>	<u><u>-</u></u>	<u><u>(861,574)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Notes (continued)

20 Financial instruments (continued)

31 December 2017	Carrying amount £	Contractual cash flows £	6 months or less £	6-12 month s £	1-2 years £	2-5 years £	More than 5 years £
<i>Non-derivative financial liabilities</i>							
Finance lease liabilities	-	-	-	-	-	-	-
Trade payables	(1,850,594)	(1,850,594)	(1,850,594)	-	-	-	-
Amounts due to related parties	(27,427,609)	(27,427,609)	(26,521,549)	-	(906,060)	-	-
Total	(29,278,203)	(29,278,203)	(28,372,143)	-	(906,060)	-	-

Company							
31 December 2018	Carrying amount £	Contractual cash flows £	6 months or less £	6-12 months £	1-2 years £	2-5 years £	More than 5 years £
Amounts due to related parties	(97,055)	(97,055)	(97,055)	-	-	-	-

31 December 2017	Carrying amount £	Contractual cash flows £	6 months or less £	6-12 months £	1-2 years £	2-5 years £	More than 5 years £
Amounts due from related parties	(53,434)	(53,434)	(53,434)	-	-	-	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group or Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk within acceptable parameters, while optimising the return.

The Group and Company are exposed to foreign exchange risk arising from currency exposure, primarily with respect to UK Sterling, Australian dollars, Canadian dollars, Euros, South African rand and New Zealand dollars. The Company has investments in foreign entities, whose net assets are exposed to currency fluctuations. This exposure is partly managed through a natural hedge through assets acquired and borrowings denominated in the relevant foreign currencies.

The following significant exchange rates applied during the year:

	Average rate 2018	2017	Reporting date spot rate 2018	2017
Australian dollars	1.7856	1.6801	1.8110	1.7279
Canadian dollars	1.7280	1.6712	1.7410	1.6977
Euros	1.1301	1.1420	1.1138	1.1253
New Zealand dollars	1.9283	1.8118	1.9020	1.9028
Singapore dollars	1.7991	1.7776	1.7383	1.8057
US dollars	1.3332	1.2875	1.2760	1.3503

Notes (continued)

20 Financial instruments (continued)

A 10% strengthening of the UK Sterling pound against the following currencies at 31 December would have increase/ (decrease) profit by the amounts shown below.

Group

31 December 2018	Profit/(loss) £
Canadian dollars	(210,235)
Australian dollars	(1,397,571)
US dollars	(3,677,950)
New Zealand dollars	-
Euro	(33,562)
Swiss Francs	(1,564)
Singapore dollar	762,729
	<hr/>
31 December 2017	Profit/(loss) £
Canadian dollars	(270,457)
Australian dollars	(3,089,081)
US dollars	(3,723,831)
New Zealand dollars	(132,541)
Euro	(23,178)
Swiss Francs	(24,754)
Singapore dollar	(394,001)
	<hr/>

A 10% weakening of the Pound against the above currencies at 31 December would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Movements in foreign currency would have no effect on the results of the Company.

Interest income on cash deposits is exposed to fluctuations in the market rate of interest. Amounts due to and from related parties are interest free and consequently the Group and Company is not exposed to interest rate risk on these balances. The Group's finance lease liabilities are generally charged at a fixed rate of interest and are not exposed to interest rate risk.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge and no derivatives are entered into.

At the reporting date, the Company had no interest bearing financial instruments

	2018 £	2017 £
Fixed rate instruments		
Finance Leases	-	-
	<hr/>	<hr/>
Variable rate instruments		
Cash and cash equivalents	30,302,705	50,176,498
	<hr/>	<hr/>

Fair value sensitivity analysis for fixed rate instruments

The Group and Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss therefore a change in interest rates at the reporting date would not affect profit or loss.

Notes (continued)

20 Financial instruments (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2017.

Group

	Profit/(loss)	
	1% increase £	1% decrease £
31 December 2018		
Variable rate instruments		
Cash flow sensitivity	303,027	(303,027)
	<u> </u>	<u> </u>
31 December 2017		
Variable rate instruments	504,647	(504,647)
Cash flow sensitivity	504,647	(504,647)
	<u> </u>	<u> </u>

Fair values

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input)

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

31 December 2018	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Trade Receivables	-	2,754,169	-	2,754,169
Amounts due from related parties	-	59,564,891	-	59,564,891
Cash and Cash Equivalents	-	30,302,705	-	30,302,705
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	-	92,621,765	-	92,621,765
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Trade Payables	-	3,400,696	-	3,400,696
Amounts due to related parties	-	39,225,948	-	39,225,948
Bank overdrafts	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	42,626,644	-	42,626,644
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes (continued)

20 Financial instruments (continued)

31 December 2017	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Trade receivables	-	1,550,799	-	1,550,799
Amounts due from related parties	-	51,675,147	-	51,675,147
Cash and cash equivalents	-	50,464,744	-	50,464,744
Total	-	103,690,690	-	103,690,690
Liabilities				
Trade payables	-	1,850,594	-	1,850,594
Amounts due to related parties	-	26,521,549	-	26,521,549
Bank overdrafts	-	288,246	-	288,246
Total	-	28,660,389	-	28,660,389

The fair values of all financial assets and liabilities are equal to the carrying amounts as shown in the statement of financial position.

21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land & Buildings 2018	Group 2017	Plant and Machinery 2018 £	2017 £
Less than one year	1,344,684	1,054,576	26,173	196,862
Between one and five years	5,512,569	2,671,984	45,776	748,765
After five years	582,388	-	-	-
	<u>7,439,641</u>	<u>3,726,560</u>	<u>71,949</u>	<u>945,627</u>

During the year £547,370 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2017: £572,880).

The Company has no operating leases.

Notes (continued)

22 Related parties

Group

Identity of related parties

During the year the Group companies received services from other members of The Travel Corporation Limited in the ordinary course of business as follows:

	2018 £	2017 £
Tours purchased	4,756,397	4,285,783
Management services	8,456,469	9,852,682
	<u> </u>	<u> </u>

During the year the Group companies provided services to other members of The Travel Corporation Limited in the ordinary course of business as follows:

	2018 £	2017 £
Tour and sightseeing sales	86,763,538	83,871,048
Management services	11,963,396	13,040,777
	<u> </u>	<u> </u>

23 Ultimate parent company and parent company of larger group

The Company's immediate parent undertaking is Insight Travel Group Limited, a company incorporated in Guernsey. The Company's ultimate parent undertaking is The Travel Corporation Limited, a company incorporated in the British Virgin Islands.