Evan Evans Tours Limited

Directors' report and financial statements

For the year ended 31 December 2017

Registered number: 573747

Contents

Strategic report

The directors present their annual Strategic report, Directors' report and the audited financial statements for the year ended 31 December 2017.

Principal activities

The company's principal activity is the operation of coach sightseeing tours.

Business review

The level of business showed an improvement with revenue levels 7.9% up on the previous year.

Key performance indicators

The company's key financial performance indicators during the year were as follows:

	2017	2016
	£000	£000
Turnover	**15,773**	14,619

The company's turnover increased by 7.9% during the year (*2016: increase of 6.7%*)

The key indicators of performance revolve around the passenger numbers and gross profit ratios. On both these measures, directors are satisfied that budget assumptions are being met.

Principal risks and uncertainties

The company uses financial instruments, other than derivatives, compromising 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 company's operations. The main risk arising from the company's financial instruments is credit risk. The directors review and agree policies for managing financial risks as summarised below.

Credit risk is managed by agreeing payment terms in advance and by having in place appropriate credit control procedures. Where credit risk is considered to be higher than acceptable, payment must be provided in advance.

The company's transactions are undertaken predominantly in sterling and therefore the Directors do not consider that foreign currency risk is significant, although this will be kept under review.

Future developments

The directors aim to maintain the management policies which have resulted in the Company's results for the year. The directors believe that acceptable levels of operating profitability will be delivered in 2018 and the Company is well placed to grow in the future.

By order of the board

DID Howie
Director

258 Vauxhall Bridge Road
London
SW1V 1BS

26 September 2018

Directors' report

The directors present their Directors' report and financial statements of the year ended 31 December 2017.

Results and dividends

The loss for the year, after taxation, amounted to £631,240 (*2016:£435,821*) and has been taken to reserves. The directors do not recommend a dividend for the year (*2016: £nil*)

Political and charitable contributions

Charitable donations of £nil (*2016: £nil*) were made during the year.

The Company made no political donations during the year (*2016: £nil*)

Directors

The directors who served office during the year and as at the date of this report were as follows:

DID Howie
NJ Ratcliffe (resigned 26 January 2017)
A Chapman (appointed 29 January 2017 and resigned 19 February 2018)
AMT Agerbert (appointed 7 March 2018 and resigned 11 September 2018)

Disclosure of information to the auditors

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 auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

David Howie

DID Howie
Director

258 Vauxhall Bridge Road
London
SW1V 1BS

26 September 2018

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 financial statements for each financial year. Under that law they have elected to prepare the 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 company and of the profit or loss of the company for that period. In preparing these 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 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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 company and to prevent and detect fraud and other irregularities.

KPMG LLP
One St Peter's Square
Manchester
M2 3AE
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVAN EVANS TOURS LIMITED

Opinion

We have audited the financial statements of Evan Evans Tours Limited ("the company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the 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 company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- 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 company 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.

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVAN EVANS TOURS LIMITED *(continued)*

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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 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.

Liam Finnigan

Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Saint Peter's Square
Manchester
M2 3AE

28th September 2018

Statement of comprehensive income
for the year ended 31 December 2017

	Note	2017 £	2016 £
Revenue	*2*	**15,773,278**	14,618,625
Cost of sales		**(14,150,840)**	(13,743,773)
Gross profit		**1,622,438**	874,852
Other operating income	*4*	**32,180**	881,826
Administrative expenses		**(2,461,455)**	(2,325,921)
Operating loss	*3,4*	**(806,837)**	(569,243)
Finance income	*7*	**8,771**	6,478
Loss before tax		**(798,066)**	(562,765)
Tax on loss on ordinary activities	*8*	**166,826**	126,944
Loss for the year		**(631,240)**	(435,821)
Total comprehensive loss for the year		**(631,240)**	(435,821)

All results relate to continuing operations.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 23 form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2017

	Share capital	Retained earnings	Total
	£	£	£
At 1 January 2016	4,800	(3,367,917)	(3,363,117)
Total comprehensive loss for the year	-	(435,821)	(435,821)
At 31 December 2016 and 1 January 2017	4,800	(3,803,738)	(3,798,938)
Total comprehensive loss for the year	-	(631,240)	(631,240)
At 31 December 2017	**4,800**	**(4,434,978)**	**(4,430,178)**

The notes on pages 10 to 23 form an integral part of these financial statements.

Statement of financial position

as at 31 December 2017

	Note	2017	2016
		£	£
Non-current assets			
Property, plant and equipment	*9*	390,695	297,421
Deferred tax asset	*10*	40,258	27,060
		430,953	324,481
Current assets			
Current tax assets	*12*	-	2,079,439
Amounts due from related parties	*11*	1,266,502	1,259,940
Trade and other receivables	*12*	1,114,804	1,932,543
Cash and cash equivalents	*13*	1,163,893	651,400
		3,545,199	5,923,322
Total assets		3,976,152	6,247,803
Current liabilities			
Bank overdraft	*17*	(288,246)	(420,031)
Amounts due to related parties	*14*	(6,778,206)	(8,518,845)
Trade and other payables	*15*	(1,339,878)	(1,107,865)
Total liabilities		(8,406,330)	(10,046,741)
Net liabilities		(4,430,178)	(3,798,938)
Equity			
Share capital	*18*	4,800	4,800
Retained earnings		(4,434,978)	(3,803,738)
Total equity		(4,430,178)	(3,798,938)

These financial statements were approved by the board of directors on 26 September 2018 and were signed on its behalf by:

DID Howie
Director

The notes on pages 10 to 23 form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2017

	Note	**2017**	2016
		£	**£**
Cash flows from operating activities			
Loss for the year		**(631,240)**	(435,821)
Adjustments for:			
Depreciation	*9*	**195,354**	166,016
Finance income	*7*	**(8,771)**	(6,478)
Loss on sale of plant, property and equipment	*3*	**-**	418
Taxation	*8*	**(166,826)**	(126,944)
Operating loss before changes in working capital		**(611,483)**	(402,809)
Decrease/(increase) in trade and other receivables	*11,12*	**811,177**	(810,862)
Increase in trade and other payables	*14,15*	**896,116**	1,037,589
Tax paid		**(171,675)**	(121,786)
Net cash generated from/(used in) operating activities		**924,135**	(297,868)
Cash flows from investing activities			
Acquisition of property, plant and equipment	*9*	**(288,628)**	(79,861)
Interest received	*7*	**8,771**	6,478
Net cash used in investing activities		**(279,857)**	(73,383)
Net increase/(decrease) in cash and cash equivalents		**644,278**	(371,251)
Cash and cash equivalents at 1 January	*13*	**231,369**	602,620
Cash and cash equivalents at 31 December	*13*	**875,647**	231,369

The notes on pages 10 to 23 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Evan Evans Tours Limited (the "company") is a company incorporated in the UK. The registered number is 00573747 and the registered address is 258 Vauxhall Bridge Road, London, SW1V 1BS.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements are prepared on the historical cost basis.

Going concern

The company is in a net liabilities position of £4,430,178 (2015: £3,798,938). The appropriateness of the going concern basis, which is used to prepare the financial statements, is dependent on continued support from the immediate parent company, Insight Group Limited. Insight Group Limited has confirmed indicated that it will provide financial support to the company for at least 12 months from the date of approval of these financial statements and thereafter for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on their undertaking, the directors are of the opinion that the going concern assumption is appropriate for the basis of preparation of these financial statements.

Revenue

Revenue represents the income earned from the operation of coach sightseeing tours and the sale of venue tickets.

Property, plant and equipment

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

Depreciation is charged to the income statement 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:

Leasehold property	Straight line over the lease term
Fixtures and fittings	10-33.3% straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Taxation

Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the income statement 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 in force for the year and any adjustment to tax payable in respect of previous years

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 balance sheet 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)*

Employee benefits

Defined benefit plans

The company participates in a group defined benefit pension scheme, which was closed to new members from 1 May 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 Evan Evans Tours 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 income statement as incurred.

Defined contributions plans

From 1 May 2004 the company 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 income statement as incurred.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Finance income and expenses

Financing income and expenses comprise interest payable and interest receivable on funds invested.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and equivalents

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

Capital management

The company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

The company has no external debt other than an unsecured overdraft as at 31 December 2017 and is not subject to externally imposed capital requirements; management of capital therefore focuses around its ability to generate cash from its operations.

Notes *(continued)*

1 Accounting policies *(continued)*

New standards and interpretations not yet adopted

There are no new standards, amendments or interpretations adopted by the Company in the year ended 31 December 2017.

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements.

- IFRS 9 Financial Instruments will be applicable for periods beginning after 1 January 2019, it was introduced in 2014 as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. We do not expect this new standard to have a material impact on the financial statements.

- IFRS 15 Revenue from Contracts with Customers is mandatory for financial years commencing on or after 1 January 2018. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard introduces a five-step approach to the timing of revenue recognition based on performance obligations in customer contracts. This new standard applies to all contracts with customers except those that are financial instruments, leases or insurance contracts and will result in increased disclosure requirements. Based on our assessment to date on each revenue stream we do not expect the new standard to have a material impact on the financial statements.

- IFRS 16 Leases will be applicable after 1 January 2019. This standard will significantly affect the presentation of the Group financial statements with all leases apart from short term leases being recognised as on-balance sheet finance leases with a corresponding liability being the present value of lease payments. The Group will adopt the modified retrospective approach for all eligible leases, whereby the liability will be calculated based on the remaining lease cash flows at the transition date and set the asset and liability equal to that amount. We are currently in the process of collating all lease agreements in place across the Group in order to assess the expected impact of this new standard on both the Statement of Financial Position and the Statement of Comprehensive Income.

2 Revenue

The revenue and pre-tax results are attributable to the company's main activities of operating sightseeing tours which is generated in the UK. An analysis is given below:

	2017 £	2016 £
Operation of sightseeing tours & sale of venue tickets	**15,773,278**	14,618,625

3 Expenses and auditor's remuneration

	2017 £	2016 £
Operating loss is stated after charging:		
Depreciation of property, plant and equipment	**195,354**	166,016
Loss on disposal of fixed assets	**-**	418
Operating leases – land and buildings	**68,000**	63,000
-plant and equipment	**-**	-
-vehicles	**5,137**	5,137
Auditors' remuneration:		
Audit of these financial statements	**15,500**	15,500

Notes *(continued)*

4 Other operating income

	2017	2016
	£	£
VAT reclaim from prior years	**32,180**	881,826

5 Staff numbers and costs

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

	Number of employees	
	2017	2016
Administrative staff	**24**	16
Sales staff	**19**	19
	43	35

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£	£
Wages and salaries	**1,258,437**	1,060,898
Social security costs	**127,686**	109,065
Other pension costs	**97,463**	104,020
	1,483,586	1,273,983

6 Directors' remuneration

	2017	2016
	£	£
Directors' emoluments	**65,659**	326,358
Pension	**-**	16,953
	65,659	343,311

Retirement benefits are accruing to the following number of directors:

	Number of directors	Number of directors
	2017	2016
Defined contribution scheme	**2**	2

One of the directors are remunerated through another group company and received no remuneration from Evan Evans Transport Limited during the year (2016: £nil). £5,000 of the total cost of this remuneration has been allocated to this company on the basis of their services to this company. It was not practicable to make this allocation in prior years.

Notes *(continued)*

7 Finance income

	2017	2016
	£	£
Bank interest receivable	**8,771**	6,478

8 Taxation

Recognised in the income statement

	2017	2016
	£	£
Current tax expense:		
Group relief receivable	**(153,628)**	(112,553)
Current tax expense	**(153,628)**	(112,553)
Deferred tax		
Origination and reversal of temporary differences	**(13,198)**	(14,391)
Total corporation tax credit in statement of comprehensive income	**(166,826)**	(126,944)

Reconciliation of effective tax rate

	2017	2016
	£	£
Loss before tax	**(798,066)**	(562,765)
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	**(153,628)**	(112,553)
Change in recognised deductible temporary differences	**(13,198)**	(14,391)
Group relief surrendered	**153,628**	112,553
Receipt of Group relief	**(153,628)**	(112,553)
Transfer price adjustment	**240,640**	281,446
Compensation adjustment	**(240,640)**	(281,446)
Total tax credit in statement of comprehensive income	**(166,826)**	(126,944)

Notes *(continued)*

9 Property, plant and equipment

	Short Leasehold Property £	Fixtures and Fittings £	Total £
Cost			
Balance at 1 January 2016	331,179	553,297	884,476
Additions	1,198	78,663	79,861
Disposals	-	(2,027)	(2,027)
Balance at 31 December 2016	332,377	629,933	962,310
Balance at 1 January 2017	332,377	629,933	962,310
Additions	163,072	125,556	288,628
Balance at 31 December 2017	**495,449**	**755,489**	**1,250,938**
Depreciation			
Balance at 1 January 2016	258,832	241,650	500,482
Depreciation charge for the year	10,336	155,680	166,016
Disposals	-	(1,609)	(1,609)
Balance at 31 December 2016	269,168	395,721	664,889
Balance at 1 January 2017	269,168	395,721	664,889
Depreciation charge for the year	17,651	177,703	195,354
Balance at 31 December 2017	**286,819**	**573,424**	**860,243**
Net book value			
At 31 December 2017	**208,630**	**182,065**	**390,695**
At 31 December 2016	63,209	234,212	297,421

10 Deferred tax asset

Recognised deferred tax asset

Deferred tax assets are attributed to:

	2017 £	2016 £
Plant and equipment	**40,258**	27,060

The deferred tax asset consists of the tax effect and timing difference in respect of excess of depreciation on property, plant and equipment over taxation allowances.

Notes *(continued)*

10 Deferred tax asset *(continued)*

	2017 £	2016 £
At start of the year	**27,060**	12,669
Recognised income statement	**13,198**	14,391
At end of the year	**40,258**	27,060

11 Amount due from related parties

Amounts due from other members of The Travel Corporation Limited ("TTC") group, which are unsecured, non-interest bearing, and payable on demand are:

	2017 £	2016 £
Contiki Holidays Limited	**3,878**	2,600
Contiki Services Limited	**1,938**	2,158
Insight Vacations Limited	**5,273**	-
Trafalgar Tours Limited	**611**	-
Travcorp (UK) Limited	**5,394**	7,806
Travcorp Asia Limited	**27,894**	34,623
Travcorp Financial Services Ltd	**1,221,514**	1,212,753
	1,266,502	1,259,940

The company's exposure to credit risk and impairment losses related to amounts due from related parties is disclosed in note 19.

12 Trade and other receivables

	2017 £	2016 £
Trade receivables	**962,332**	1,005,447
Prepayments	**146,899**	141,137
Other receivables	**5,573**	785,959
Corporation tax asset	**-**	2,079,439
	1,114,804	4,011,982

Included in other debtors is £25,000 (2016: £25,000) which represents a deposit held in trust in accordance with the 1992 Package Travel Regulations.

Notes *(continued)*

13 Cash and cash equivalents

	2017	2016
	£	£
Cash and cash equivalents	**1,163,893**	651,400
Bank overdrafts	**(288,246)**	(420,031)
Cash and cash equivalents per statement of cash flows	**875,647**	231,369

14 Amounts due to related parties

Amounts owing to other members of The Travel Corporation group, which are unsecured, non-interest bearing, and payable on demand are:

	2017	2016
	£	£
Evan Evans Transport Limited	**6,512,673**	8,331,754
Insight Travel Services Limited	**217,034**	165,976
Radical Travel Group Limited	**104**	200
Travcorp Management Services Limited	**48,395**	20,915
	6,778,206	8,518,845

The company's exposure to liquidity risk related to amounts due to related parties is disclosed in note 19.

15 Trade and other payables

	2017	2016
	£	£
Trade payables	**334,376**	625,492
VAT payable	**210,811**	103,610
Accrued expenses and deferred income	**794,691**	378,763
	1,339,878	1,107,865

16 Employee benefits

Pension plans

The company contributes to a group pension scheme open to all employees, subject to scheme rules. The scheme comprises a defined benefit scheme, which was closed to new members from 1 May 2004 and closed to further accrual from 1 May 2011, and a defined contribution scheme, which was opened on 1 May 2004. The assets of the scheme are held in separate trustee administered funds.

The defined benefit group plan is accounted for as a defined contribution scheme as there is no contractual agreement allocating the cost of the scheme, although it is accounted for as a defined benefit scheme by the ultimate controlling party.

During the year ended 31 December 2017 £46,696 was charged against profits in respect of the defined benefit scheme *(2016: £57,198)* and £40,735 was charged against profits in respect of the defined contribution scheme *(2016: £46,822).*

Notes *(continued)*

16 Employee benefits *(continued)*

Plan assets consist of the following:

	2017 £000	2016 £000
Present value of funded defined benefit obligations	**44,689**	44,327
Fair value of plan assets	**(27,331)**	(25,295)
Net liability	**17,358**	19,032

Movement in the present value of the defined benefit obligation:

	2017 £000	2016 £000
Liability for defined benefit obligations at 1 January	**44,327**	34,802
Interest cost	**1,140**	1,279
Benefits paid by the plan	**(964)**	(489)
Actuarial losses recognised in equity	**186**	8,725
Liability for defined benefit obligations at 31 December	**44,689**	44,327

Movement in fair value of plan assets:

	2017 £000	2016 £000
Fair value of plan assets at 1 January	**25,295**	21,420
Interest cost	**656**	799
Employer contributions	**834**	820
Benefits paid by the plan	**(964)**	(489)
Actuarial gains recognised in equity	**1,510**	2,745
Fair value of plan assets at 31 December	**27,331**	25,295

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Expense recognised in statement of comprehensive income

	2017 £000	2016 £000
Interest cost	**484**	480
	484	480

Notes *(continued)*

16 Employee benefits *(continued)*

Plan assets consist of the following:

	2017 £000	2016 £000
Equity securities	**16,220**	10,970
Bonds	**8,348**	10,331
Other	**2,130**	3,428
Cash	**633**	559
	27,331	25,295

	2017 £000	2016 £000
Actual return on plan assets	**2,166**	3,544

Actuarial assumptions:

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

	2017 %	2016 %
Discount rate at 31 December	**2.4**	2.6
Future salary increases	**3.1**	3.3
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	**2.1**	2.3
Retail Price Inflation - pre-retirement	**3.1**	3.3
Retail Price Inflation - post-retirement	**3.5**	3.6
Consumer Price Inflation - pre-retirement	**2.1**	2.3

The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.3 years (male), 24.5 years (female).
- Future retiree upon reaching 65: 24.1 years (male), 26.5 years (female).

Notes *(continued)*

16 Employee benefits *(continued)*

History of plans

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

	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000
Present value of the defined benefit obligation	**(44,689)**	(44.327)	(34,802)	(36,797)	(30,474)
Fair value of plan assets	**27,331**	25,295	21,420	21,248	20,100
Deficit in the plan	**(17,358)**	(19,032)	(15,382)	(15,549)	(10,374)
Experience adjustments on plan liabilities	**2.5%**	0.4%	1.0%	(0.30%)	(0.30%)
Experience adjustments on plan assets	**5.5%**	10.9%	(1.3%)	0.4%	8.6%

17 Loans and borrowings

	2017 £	2016 £
Unsecured bank overdraft	**288,246**	420,031

18 Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
Ordinary shares of £1 each	**4,800**	4,800

19 Financial risk management objectives and policies

The company holds or issues financial instruments in order to achieve three main objectives, as follows:

a) to finance its operations;
b) to manage its exposure to interest risk from its operations and from its sources of finance; and
c) for trading purposes.

In additions, various financial instruments (e.g. trade receivables, trade payables, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party in one or more of the financial risks described below.

Notes *(continued)*

19 Financial risk management objectives and policies *(continued)*

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk. The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event of other parties failing to perform their obligations under financial instruments.

Exposure to credit risk

Credit risk with respect to trade receivables is monitored on an ongoing basis by the credit control team and finance management. The terms of debt vary but tend to be within 30 days of recognition of sales. There are no significant debtor balances at the balance sheet date; the largest individual balance was £253,939 and is considered fully recoverable.

Receivables by age and impairment losses

	Gross 2017 £	**Impairment 2017 £**	Gross 2016 £	Impairment 2016 £
Not past due	**163,307**	-	829,365	-
Past due 0-30 days	**604,716**	-	129,786	-
Past due 31-120 days	**152,892**	-	66,333	-
120+ days	**41,417**	-	-	(20,037)
	962,332	-	1,025,484	(20,037)

Liquidity risk

The company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. There are no long term borrowings.

Trade and other payables relate mainly to third party trade payables; with a balance of £334,376 (*2016: £625,492*). These and related party payables of £129,893 (*2016: £187,091*) are payable within twelve months of the year end.

Interest rate risk

The company invests its cash in a range of cash deposit accounts with UK banks. Interest earned therefore closely follows movements in Bank of England base rates. At the balance sheet date £1,122,893 *(2016: £238,386)* was invested with Royal Bank of Scotland, this being the full amount invested in any bank.

Currency risk

The company operates within the UK and transacts in GBP and is therefore not exposed to risk in respect of the movement in foreign exchanges rates at the year end.

Fair value

The directors are of the opinion that the carrying value of financial instruments approximates fair value.
Trade and other receivables are valued at amortised cost. Impairment losses are estimated at year end by reviewing amounts outstanding and assessing the likelihood of recoverability.

Notes *(continued)*

20 Commitments under operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £	2016 £
Within one year	**68,000**	63,000
Between two and five years	**272,000**	63,000
More than 5 years	**383,000**	-
	723,000	126,000

The company leases premises, a small amount of plant equipment and a motor vehicle. During the year £68,137 was recognised as an expense in the income statement in respect of operating leases *(2016: £68,137)*.

21 Related party transactions

During the year the company provided services for other members of the group as follows:

	2017 £	2016 £
Administrative expenses:		
Radical Travel Group Limited	**-**	12,049

During the year the company received services from the other members of the group as follows:

	2017 £	2016 £
Cost of sales:		
Evan Evans Transport Limited – Provision of passenger transport services	**3,831,616**	3,421,633
Administrative expenses:		
Insight Travel Services Limited	**2,500**	2,500
Radical Travel Group Limited	**11,959**	-

Notes *(continued)*

21 Related party transactions *(continued)*

During the year, the company paid commissions on sales made on its behalf to other members of the group as follows:

	2017	2016
	£	£
Cost of sales:		
Contiki Holidays Limited	-	4,083
Contiki Travel (UK) Limited	27,550	19,119
Creative Tours (Pty) Limited	-	117
Insight Vacations Limited	27,194	3,369
Trafalgar Tours Limited	2,236	2,170
Travcorp Asia Limited	34,131	37,714
Travcorp (UK) Limited	47,212	85,046
	138,323	151,618

22 Ultimate parent company and parent company of larger group

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

The largest group in which the results of the company are consolidated is that headed by The Travel Corporation Limited, a company incorporated in the British Virgin Islands. The smallest group in which they are consolidated is that headed by Insight Group Limited, a company registered in England and Wales. Copies of the consolidated financial statements of Insight Group Limited are available to the public from the Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ.