

TRAILFINDERS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2016



TRAILFINDERS LIMITED

COMPANY INFORMATION

Directors	M D W Gooley, C.B.E (Chairman) A M Russell M Bannister G Dyer M C Raymond E R Lee L Breton (resigned 12 June 2015) J D Nye M W West N Davies F K Gooley T P Gooley T M Kelly S R Gadd (resigned 29 April 2016) N Orlans R McHardy A D Ness (appointed 28 April 2015)
Company secretary	M Bannister
Registered number	01004502
Registered office	48 Earls Court Road London W8 6FT
Independent auditors	Elman Wall Limited Chartered Accountants & Statutory Auditor 8th Floor Becket House 36 Old Jewry London EC2R 8DD

TRAILFINDERS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 4
Independent auditors' report	5 - 6
Statement of comprehensive income	7
Balance sheet	8 - 9
Statement of changes in equity	10
Notes to the financial statements	11 - 36

TRAILFINDERS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 29 FEBRUARY 2016

Introduction

During the year the company operated 27 travel centres in the United Kingdom, 5 in London and one each in the following cities and towns: Aberdeen, Belfast, Birmingham, Bournemouth, Brighton, Bristol, Cambridge, Canterbury, Cardiff, Chester, Edinburgh, Exeter, Glasgow, Guildford, Leeds, Liverpool, Manchester, Newcastle, Norwich, Nottingham, Oxford and St Albans. In March 2016 Trailfinders opened their twenty-eighth Travel Centre in Reading, Berkshire.

Business review

Gross sales turnover was at a figure of £611.9m (2015: £583.6m). The operating profit for the year before tax was at a figure of £22.4m (2015 - £16.4m).

The Directors maintain a sense of optimism for future trading conditions.

Principal risks and uncertainties

The company's operations are subject to numerous risks such as currency movements, terrorism, disease, adverse weather conditions and other natural phenomena. In additions to managing these risks the legislative burden on the travel industry and in particular the EU Directive on Package Travel places a high cost in meeting the demands and obligations of this regulatory framework.

We hold an Air Travel Organisers License granted by the Civil Aviation Authority which ensures that in the very unlikely event of our insolvency our clients would be able to continue with their holiday as planned (if already abroad) or refunded in full if travel has not already commenced. As a double indemnity all client funds are held in a Client Trust Account established in 1993 as a market leader and which continues to offer a unique form of financial guarantee. This separate legal entity holds all client monies received for travel arrangements until such time as payment due to the supplier. Transactional gross profit is then transferred to the general account following settlement.

We are also a member of The Association of Business Travel Agents (ABTA) and as such we are obliged to maintain a high standard of service governed by ABTA's code of conduct.

It should also be noted that the company bound by the rules of holding an ATOL reimburses clients in the event of an airline failing financially. This guarantee is offered by a method of self insurance and unlike many other travel organisers, Trailfinders does not charge for this protection.

The Directors consider cautious management of our cash reserves to be of paramount importance and this continues to be reflected in the balance sheet. This allows the company to manage all of the aforementioned risks and weather any prolonged down turn in business. It also allows the company to acquire other business opportunities at speed.

This report was approved by the board on *19 July 2016*. and signed on its behalf.

M Bannister

M Bannister
Director

TRAILFINDERS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 29 FEBRUARY 2016**

The directors present their report and the financial statements for the year ended 29 February 2016.

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activities of the company continue to be those of travel organisers and suppliers of related services.

Dividends

The profit for the year, after taxation, amounted to £16,265,033 (2015: £12,831,661).

During the year dividends of £2,000,000 were paid (2015:£nil)

TRAILFINDERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 29 FEBRUARY 2016

The directors who served during the year were:

M D W Gooley, C.B.E (Chairman)
A M Russell
M Bannister
G Dyer
M C Raymond
E R Lee
L Breton (resigned 12 June 2015)
J D Nye
M W West
N Davies
F K Gooley
T P Gooley
T M Kelly
S R Gadd (resigned 29 April 2016)
N Orlans
R McHardy
A D Ness (appointed 28 April 2015)

No directors had any interest in the shares of the company.

M D W Gooley, M Bannister, A M Russell and E R Lee are directors of the parent company, Trailfinders Group Limited. M D W Gooley owns 100% of the share capital of the parent company.

CHARITABLE DONATIONS

Charitable donations amounting to £3,500,000 (2015: £950,000) were made to The Mike Gooley Trailfinders Charity, which is an organisation, favouring support of Medical Research, Community projects, which encourage young people in outdoor activities and Armed Forces veteran organisations.

A further £100,000 in donations were made in respect of the Nepal earthquake, £78,500 to Great Ormond Street Hospital, and £1,450 to SSAFA

TRUST ACCOUNT

The company created a trust account in June 1993. This separate legal entity continues to hold all clients' money received for travel arrangements until such time as payment is due to the suppliers. The company receives commission due only after the settlement of supplier accounts.

This method of safeguarding clients' funds is all too rare in the travel industry but, in the opinion of the directors, is by far the soundest and our action puts down a benchmark for others to follow.

Land and buildings

The 20 freehold properties have been included in the balance sheet at cost without any revaluation since purchase and at the year end have a net book value of £23,233,000. As a result of the Companies statutory obligation to adopt FRS 102 in the year just ended the investment property elements were revalued at the year end and are valued at £9,280,000.

Future developments

The future developments for the company have been discussed in the Strategic report.

TRAILFINDERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 29 FEBRUARY 2016

Employee involvement

Regular meetings with employees' representatives are held to inform them of the development of the business, together with a confidential internal newsletter published monthly and comprehensive company information available on the private internal Knowledgebase intranet which totals some 90,000 pages of information.

Disabled employees

The directors endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retaining is received. There was one registered disabled person employed by the company during the year.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Elman Wall Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 July 2016, and signed on its behalf.



M Bannister
Secretary

TRAILFINDERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TRAILFINDERS LIMITED

We have audited the financial statements of Trailfinders Limited for the year ended 29 February 2016, set out on pages 7 to 36. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 February 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

TRAILFINDERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TRAILFINDERS LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Elman Wall Limited

Yasin Khandwalla (Senior statutory auditor)

for and on behalf of
Elman Wall Limited

Chartered Accountants
Statutory Auditor

8th Floor
Becket House
36 Old Jewry
London
EC2R 8DD

Date: 19/7/16.

TRAILFINDERS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 FEBRUARY 2016**

	Note	2016 £000	As restated 2015 £000
Turnover	4	611,965	583,663
Cost of sales		(530,425)	(507,890)
Gross profit		<u>81,540</u>	<u>75,773</u>
Administrative expenses		(70,857)	(65,641)
Exceptional administrative expenses		(600)	(12,000)
Other operating income	5	<u>5,397</u>	<u>10,969</u>
Operating profit	6	<u>15,480</u>	<u>9,101</u>
Income from fixed assets investments		3,973	3,077
Profit on disposal of investments		114	764
Interest receivable and similar income	11	<u>2,853</u>	<u>3,487</u>
Profit before tax		<u>22,420</u>	<u>16,429</u>
(Loss)/Gain on financial assets at fair value		(2,983)	2,320
Profit on ordinary activities before tax		<u>19,437</u>	<u>18,749</u>
Tax on profit	12	<u>(3,172)</u>	<u>(5,917)</u>
Profit for the year		<u>16,265</u>	<u>12,832</u>
Other comprehensive income for the year			
Total comprehensive income for the year		<u>16,265</u>	<u>12,832</u>

TRAILFINDERS LIMITED
REGISTERED NUMBER: 01004502

BALANCE SHEET
AS AT 29 FEBRUARY 2016

	Note	29 February 2016 £000	As restated 28 February 2015 £000
Fixed assets			
Tangible assets	15	30,445	25,883
Investments	16	55,591	59,363
Investment property	17	9,280	8,974
		<u>95,316</u>	<u>94,220</u>
Current assets			
Stocks	18	102	98
Debtors: amounts falling due within one year	19	5,764	5,186
Current asset investments	20	187,207	167,929
Cash at bank and in hand	21	107,443	98,528
		<u>300,516</u>	<u>271,741</u>
Creditors: amounts falling due within one year	22	(171,341)	(154,796)
Net current assets		<u>129,175</u>	<u>116,945</u>
Total assets less current liabilities		<u>224,491</u>	<u>211,165</u>
Creditors: amounts falling due after more than one year	23	-	(326)
Provisions for liabilities			
Deferred tax	26	(1,743)	(2,356)
		<u>(1,743)</u>	<u>(2,356)</u>
Net assets		<u><u>222,748</u></u>	<u><u>208,483</u></u>

TRAILFINDERS LIMITED
REGISTERED NUMBER: 01004502

BALANCE SHEET (continued)
AS AT 29 FEBRUARY 2016

	Note	29 February 2016 £000	28 February 2015 £000
Capital and reserves			
Called up share capital	27	94	94
Share premium account	28	27	27
Revaluation reserve	28	999	999
Capital redemption reserve	28	12	12
Other reserves	28	4	4
Profit and loss account	28	221,612	207,347
		<u>222,748</u>	<u>208,483</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



M D W Gooley, C.B.E (Chairman)
Director



M Bannister
Director

19 July 2016.

The notes on pages 11 to 36 form part of these financial statements.

TRAILFINDERS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 29 FEBRUARY 2016

	Share capital £000	Share premium £000	Capital redemption reserve £000	Revaluation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 March 2015 (as previously stated)	94	27	12	999	4	207,441	208,577
Changes on transition to FRS							
102 *	-	-	-	-	-	(94)	(94)
At 1 March 2015 (restated)	94	27	12	999	4	207,347	208,483
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	16,265	16,265
Dividends: Equity capital	-	-	-	-	-	(2,000)	(2,000)
At 29 February 2016	94	27	12	999	4	221,612	222,748

* Includes £12m prior year adjustment

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2015

	Share capital £000	Share premium £000	Capital redemption reserve £000	Revaluation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 March 2014 (as previously stated)	94	27	12	999	4	184,549	185,685
Changes on transition to FRS							
102	-	-	-	-	-	9,966	9,966
At 1 March 2014 (as restated)	94	27	12	999	4	194,515	195,651
Profit for the year	-	-	-	-	-	12,832	12,832
Total comprehensive income for the year	-	-	-	-	-	12,832	12,832
At 28 February 2015	94	27	12	999	4	207,347	208,483

TRAILFINDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

1. General information

Trailfinders Limited is a private company limited by shares incorporated in England. The address of the registered office is given in the company information page of these financial statements. The nature of the company's operations and principal activities recorded in the Strategic Report and page 1 of the directors report.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 35.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

2.2 Cash flow statement

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the parent company's financial statements, includes the Company's cash flows.

2.3 Revenue

Turnover represents gross sales value to customers of air tickets, travel insurance, hotel bookings and other related services.

Transactions relating to customers travel bookings are recognised in the financial statements at such times as payments are received from customers and deposited to the trust accounts. This treatment reflects the fact that customers retain the right to change or cancel their travel bookings at any time up to the date of payment. In accordance with the terms of the trust, transactions relating to customers' bookings are reflected in turnover when any payment is made to the supplier.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

2. ACCOUNTING POLICIES (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2 - 2.5% straight line
Leasehold buildings	- Over period of lease
Plant and machinery	- 6.67% - 20% straight line
Motor vehicles	- 6.67% - 20% straight line
Fixtures, fittings & equipment	- 10% straight line
Computer equipment	- 10% - 33.33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

For a revalued item of property, plant or equipment that meets the recognition criteria and the criteria for revaluation, the company has elected to use as its deemed cost, its revalued amount either at, or before the date of transition as disclosed in note 14.

2.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

2. ACCOUNTING POLICIES (continued)

2.7 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Profit and loss account.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.9 Stocks

Stock is valued at the lower of cost and net realisable value.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

2. ACCOUNTING POLICIES (continued)

2.14 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.16 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

2. ACCOUNTING POLICIES (continued)

2.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

2.19 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

2. ACCOUNTING POLICIES (continued)

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.22 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are recognised to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of revision and future periods where the revision affects both current and future periods.

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

Critical judgements

The directors are of the view that there are is one critical judgements with regards to the impairment of the investment in the subsidiary undertaking Trailfinders Australia Pty. The investment is considered to be impaired therefore a prior year adjustment has been put through the accounts of £12,000,000 and the investment has been impaired by a further £600,000. The impairment has been based on the value of net assets of Trailfinders Australia Pty Limited.

The directors are of the view that there are no further critical judgements (apart from those involving estimates) in applying their accounting policies that have had a significant effect on amounts recognised in the financial statements.

Key sources of estimation uncertainty

The directors are of the view that there are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities

4. Analysis of turnover

The whole of the turnover is attributable to its principal activity wholly undertaken in the United Kingdom.

5. Other operating income

	2016 £000	2015 £000
Net rents receivable	430	435
Exchange gains	4,967	10,535
	<u>5,397</u>	<u>10,970</u>

6. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	3,161	3,037
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	55	55
Exchange differences	(4,967)	(10,535)
Defined contribution pension cost	<u>491</u>	<u>468</u>

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

7. Auditors' remuneration

	2016 £000	2015 £000
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	55	55
	<u>55</u>	<u>55</u>
Fees payable to the Company's auditor and its associates in respect of:		
All other services	35	28
	<u>35</u>	<u>28</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £000	2015 £000
Wages and salaries	39,567	36,969
Cost of defined contribution scheme	491	468
	<u>40,058</u>	<u>37,437</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Travel consultants	609	583
Management and administration	346	328
	<u>955</u>	<u>911</u>

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

9. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	2,819	2,520
Company contributions to defined contribution pension schemes	93	93
	<u>2,912</u>	<u>2,613</u>

During the year retirement benefits were accruing to 12 directors (2015 - 15) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £392,529 (2015 - £364,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £26,350 (2015 - £26,350).

Key management

Key management consists of the directors. The compensation paid to the key management for employee services is the same as the directors.

10. Income from investments

	2016 £000	As restated 2015 £000
Dividends received from listed investments	916	794
	<u>916</u>	<u>794</u>
Dividends received from unlisted investments	3,057	2,283
	<u>3,057</u>	<u>2,283</u>

11. Interest receivable

	2016 £000	2015 £000
Other interest receivable	2,853	3,487
	<u>2,853</u>	<u>3,487</u>

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

12. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	3,800	5,513
Adjustments in respect of previous periods	(15)	-
	<u>3,785</u>	<u>5,513</u>
Foreign tax		
Total current tax	<u>3,785</u>	<u>5,513</u>
Deferred tax		
Movement in valuation of assets	(613)	404
Total deferred tax	<u>(613)</u>	<u>404</u>
Taxation on profit on ordinary activities	<u>3,172</u>	<u>5,917</u>

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21.17%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	22,420	16,429
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21.17%)	4,484	3,478
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	768	1,656
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(213)	30
Capital allowances for year in excess of depreciation	107	155
Higher rate taxes on overseas earnings	(5)	-
Adjustments to tax charge in respect of prior periods	-	(10)
Short term timing difference leading to an increase (decrease) in taxation	(613)	417
Non-taxable income	(622)	(163)
Capital gains	-	132
Dividends from UK companies	(602)	(651)
Other differences leading to an increase (decrease) in the tax charge	(132)	873
Total tax charge for the year	3,172	5,917

TRAILFINDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

13. Dividends

	29 February 2016 £000	28 February 2015 £000
Dividends paid on equity dividends	2,000	-
	<u>2,000</u>	<u>-</u>

14. Exceptional items

	2016 £000	2015 £000
Impairment of subsidiary undertaking	600	12,000
	<u>600</u>	<u>12,000</u>

15. Tangible fixed assets

	Freehold property £000	Leasehold buildings £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000
Cost or valuation					
At 1 March 2015	21,638	3,146	20,457	147	8,563
Additions	5,745	16	1,531	30	412
Disposals	-	-	-	(55)	-
At 29 February 2016	<u>27,383</u>	<u>3,162</u>	<u>21,988</u>	<u>122</u>	<u>8,975</u>
Depreciation					
At 1 March 2015	3,620	2,301	15,279	123	6,746
Charge owned for the period	530	136	1,933	-	562
Disposals	-	-	-	(43)	-
At 29 February 2016	<u>4,150</u>	<u>2,437</u>	<u>17,212</u>	<u>80</u>	<u>7,308</u>
Net book value					
At 29 February 2016	<u>23,233</u>	<u>725</u>	<u>4,776</u>	<u>42</u>	<u>1,667</u>
At 28 February 2015	<u>18,018</u>	<u>845</u>	<u>5,179</u>	<u>24</u>	<u>1,817</u>

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

15. Tangible fixed assets (continued)

	Total £000
Cost or valuation	
At 1 March 2015	53,951
Additions	7,734
Disposals	(55)
At 29 February 2016	61,630
Depreciation	
At 1 March 2015	28,069
Charge owned for the period	3,161
Disposals	(43)
At 29 February 2016	31,187
Net book value	
At 29 February 2016	30,443
At 28 February 2015	25,883

The net book value of land and building may be further analysed as follows:

	29 February 2016 £000	28 February 2015 £000
Freehold	23,233	18,018
Long leasehold	330	335
Short leasehold	395	509
	23,958	18,862

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	29 February 2016 £000	28 February 2015 £000
Plant and machinery	586	781
	586	781

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

Cost or valuation at 29 February 2016 includes £548,000 derived from professional valuations made in 1987 on the basis of open market value for continuing use in accordance with the Statement of Assets Valuation Practice No.4 and the Guidance Notes of The Royal Institution of Chartered Surveyors and £836,000 derived from professional valuations made on 26 February 1999. Valuations were made on the basis of open market value for continuing use by two firms of chartered surveyors, Lewis Craig and Harpers. These valuations have been frozen, as the company took advantage of the transitional provisions on the adoption of FRS 15 and the subsequent FRS 102 transitional provisions to permit previous valuations to be 'deemed cost' on transition date.

At the year end the cost and depreciation carried forward for long leasehold properties was £423,195 (2015: £423,195) and £93,097 (2015: £87,764) respectively.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	29 February 2016 £000	28 February 2015 £000
Cost	27,059	27,430
Accumulated depreciation	(7,560)	(6,809)
Net book value	19,499	20,621

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

16. Fixed asset investments

	Investments in subsidiary companies £000	Listed investments £000	Unlisted investments £000	Total £000
Cost or valuation				
At 1 March 2015	10,461	48,707	195	59,363
Additions	-	5,848	-	5,848
Disposals	-	(5,731)	-	(5,731)
Revaluations	-	(3,289)	-	(3,289)
Amounts written off	(600)	-	-	(600)
At 29 February 2016	9,861	45,535	195	55,591
At 29 February 2016	-	-	-	-
Net book value				
At 29 February 2016	9,861	45,535	195	55,591
At 28 February 2015	10,461	48,707	195	59,363

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

16. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Trailfinders Ireland Limited	Republic of Ireland	Ordinary	100 %	Travel organiser
Bloomfield Wilderness Lodge Pty. Limited*	Australia	Ordinary	100 %	Rental property
Mount Louis Grazing Pty. Limited*	Australia	Ordinary	100 %	Farmland
Trailfinders Pty. Limited	Australia	Ordinary	100 %	Investment holding
Trailfinders (Australia) Pty. Limited*	Australia	Ordinary	100 %	Dormant
Hinterland Aero Engineering Pty Limited*	Australia	Ordinary	100 %	Dormant

* wholly owned by Trailfinders Pty Limited

Listed investments are long term investments and have therefore been classified under fixed asset investments.

Unlisted investments include £195,000 in respect of 195,000 ordinary £1 shares in Britannic Group (Holdings) Limited, which represents 48.75% of the share capital of that company. As the company does not exercise significant influence over the financial and operating policy of Britannic Group (Holdings) Limited, the results of that company are not incorporated into these financial statements. Britannic Technologies Limited is a fully owned subsidiary of Britannic Group (Holdings) Limited.

Britannic Group (Holdings) Limited is incorporated in Great Britain and registered in England and Wales. The consolidated capital and reserves of Britannic Group (Holdings) Limited at 31 March 2015, being the latest available audited accounts, amounted to £2,987,429 (2014: £2,387,680) and the profit after taxation for the year ended 31 March 2015 amounted to £739,749 (2014: £419,048).

Listed investments

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

Impairment of investment in subsidiary undertaking

	29 February 2016 £000	28 February 2015 £000
Impairment as at 1 March 2015	(12,000)	-
Impairment in the year	(600)	(12,000)
Impairment as at 29 February 2016	(12,600)	(12,000)

17. Investment property

	Freehold investment property £000
Valuation	
At 1 March 2015	8,974
Surplus on revaluation	306
At 29 February 2016	9,280

The 2016 valuations were made by Fifield Glyn Chartered Surveyors, on an open market value for existing use basis.

All of the investment properties were revalued by the independent valuer using market based evidence for similar properties in the local area.

At 29 February 2016

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	29 February 2016 £000	28 February 2015 £000
Historic cost	3,448	3,448
	3,448	3,448

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

18. Stocks

	29 February 2016 £000	28 February 2015 £000
Finished goods and goods for resale	102	98
	<u>102</u>	<u>98</u>

19. Debtors

	29 February 2016 £000	28 February 2015 £000
Due within one year		
Trade debtors	883	793
Other debtors	2,530	1,247
Prepayments and accrued income	2,349	3,147
	<u>5,762</u>	<u>5,187</u>

20. Current asset investments

	29 February 2016 £000	28 February 2015 £000
Monies held on trust	187,207	167,929
	<u>187,207</u>	<u>167,929</u>

The company established a trust on 15 June 1993 to hold and safeguard amounts received from the customers. The amounts held on trust are represented by bank balances. Amounts held on trust are only available to settle liabilities arising from the customers' travel arrangements and related services and the company's profit margin thereon. Interest arising from the funds held on trust belongs to the company

The trust account also holds Irish funds which remain as amounts payable to Trailfinders Ireland Limited.

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

21. Cash and cash equivalents

	29 February 2016 £000	28 February 2015 £000
Cash at bank and in hand	107,443	98,528
	<u>107,443</u>	<u>98,528</u>

22. Creditors: Amounts falling due within one year

	29 February 2016 £000	28 February 2015 £000
Trade creditors	134,232	118,099
Amounts owed to group undertakings	26,610	24,831
Corporation tax	1,111	2,579
Taxation and social security	1,162	1,085
Obligations under finance lease and hire purchase contracts	326	326
Other creditors	3,327	3,580
Accruals and deferred income	4,573	4,296
	<u>171,341</u>	<u>154,796</u>

Other creditors includes £121,243 (2015: £328,420) due to M D W Gooley, director of the company. The amount is interest free.

23. Creditors: Amounts falling due after more than one year

	29 February 2016 £000	28 February 2015 £000
Net obligations under finance leases and hire purchase contracts	-	326
	<u>-</u>	<u>326</u>

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

24. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

	29 February 2016 £000	28 February 2015 £000
Within one year	326	326
Between 1-2 years	-	326
	<u>326</u>	<u>652</u>

25. Financial instruments

	29 February 2016 £000	28 February 2015 £000
Financial assets		
Financial assets measured at fair value through profit or loss	195	195
Financial assets that are debt instruments measured at amortised cost	298,065	268,496
	<u>298,260</u>	<u>268,691</u>
Financial liabilities		
Financial liabilities measured at amortised cost	168,741	150,342
	<u>168,741</u>	<u>150,342</u>

Financial assets measured at fair value through profit or loss comprise of unlisted investments in Britannic Telecom

Financial assets measured at amortised cost comprise of short term investments in bonds, trade debtors and other debtors

Financial Liabilities measured at amortised cost comprise of trade creditors, amounts due to parent undertakings, other creditors and accruals.

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

26. Deferred taxation

	Deferred tax £000
At 1 March 2015	(2,356)
Charged to the profit or loss	613
At 29 February 2016	(1,743)

The provision for deferred taxation is made up as follows:

	29 February 2016 £000	28 February 2015 £000
Revaluation of investment properties	(739)	(727)
Revaluation of listed investments	(1,004)	(1,629)
	(1,743)	(2,356)

27. Share capital

	29 February 2016 £000	28 February 2015 £000
Allotted, called up and fully paid		
940,800 Ordinary shares of £0.10 each	94	94

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

28. Reserves**Share premium**

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Revaluation reserve

Revaluation reserve records the surplus arising on the valuation of property held for own use of the company in prior years.

Capital redemption reserve

Capital redemption reserve records the nominal value of shares repurchased by the company

Other reserves

Capital reserves are funds that are for capital expenditure projects only.

Profit and loss account

Profit and loss includes all current and prior periods retained profit.

Included within the reserve is £11,234,091 (2015: £15,351,154) of unrealised gains which are non distributable.

29. Prior year adjustment

The cost of the investment in Australia was considered to be impaired and this has been corrected by way of a prior year adjustment. The impairment has had the effect of reducing the prior period profit by £12,000,000 and decreasing the retained profit brought forward as at 1st March 2015 by £12,000,000 to £208,567,000.

30. Contingent liabilities

The company has given guarantees and indemnities at 29 February 2016 amounting to £1,685,924 (2015: £1,349,353) to travel suppliers and in respect of travel agency bonds. Barclays Bank plc holds a charge over £1.533 million of cash deposits in relation to these indemnities and bonds. Barclays Bank plc also hold a charge over £3.277 million in relation to indemnities and guarantees provided on behalf of Trailfinders Ireland Limited in respect of travel suppliers and agency bonds within Ireland.

31. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £490,775 (2015: 467,912). Contributions totalling £nil (2015: £82,786) were payable to the fund at the balance sheet date were included in creditors.

TRAILFINDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

32. Commitments under operating leases

At 29 February 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	29 February 2016 £000	28 February 2015 £000
Not later than 1 year	2,170	1,995
Later than 1 year and not later than 5 years	6,909	5,778
Later than 5 years	3,558	3,000
Total	12,637	10,773

33. Related party transactions

A director of the company, is a partner with William Heath & Co. solicitors, whose firm is one of those instructed by the company in the ordinary course of business on legal matters. During the year the company has been charged £14,758 (2015: £18,316) by William Heath & Co for legal services.

During the year the company purchased goods and services to the value of £845,917 (2015: £712,284) from Britannic Technologies Limited. The balance owed to Britannic Technologies Limited at the year end was £nil (2015: £nil)

During the year the company made donations of £3,500,000 (2015: £950,000) to the Mike Gooley Trailfinders Charity, a registered charity. The directors of the company, are trustees of the charity.

An amount of £271,560 (2015: £271,560) is due from Trailfinders Sports Club Limited, a company owned by two of the company's directors. During the year the company was charged £298,001 (2015: £104,465) by Trailfinders Sports Club Limited for sponsorship and other various services.

During the year the company was charged £1,500,000 (2015: £1,127,900) by Ealing Trailfinders Professional Rugby Management, for sponsorship and various other services, this is a company controlled by a director of the company. At the year end there were no outstanding amounts.

During the year the company was charged £62,175 (2015: £48,750) by Ealing Trailfinders Cricket Club Limited, for sponsorship and various other services, this company is jointly controlled by two directors of the company. At the year end there were no outstanding amounts.

At the year end the company owed the director M Gooley £121,243 (2015: £328,420) after a net movement of £207,177 during the year.

34. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company is Trailfinders Group Limited, a company registered in England and Wales.

Trailfinders Group Limited prepares group financial statements and copies can be obtained from 23 Abingdon Road, London, W8 6AL. The ultimate control of the company and the Group rests with M D W Gooley, the Group Chairman.

TRAILFINDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

35. First time adoption of FRS 102

	As previously stated 1 March 2014 Note	Effect of transition 1 March 2014 £000	FRS 102 (as restated) 1 March 2014 £000	As previously stated 28 February 2015 £000	Effect of transition 28 February 2015 * £000	FRS 102 (as restated) 28 February 2015 £000
* This includes £12 million relating to the prior year adjustment (see note 28).						
Fixed assets	86,535	12,777	99,312	91,035	3,184	94,219
Current assets	254,302	-	254,302	271,741	1	271,742
Creditors: amounts falling due within one year	(155,141)	(872)	(156,013)	(153,871)	(924)	(154,795)
Net current assets	99,161	(872)	98,289	117,870	(923)	116,947
Total assets less current liabilities	185,696	11,905	197,601	208,905	2,261	211,166
Creditors: amounts falling due after more than one year	-	-	-	(326)	-	(326)
Provisions for liabilities	(11)	(1,940)	(1,951)	-	(2,355)	(2,355)
Net assets	185,685	9,965	195,650	208,579	(94)	208,485
Capital and reserves	185,685	9,965	195,650	208,579	(94)	208,485

TRAILFINDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2016

35. First time adoption of FRS 102 (continued)

	Note	As previously stated 28 February 2015 £000	Effect of transition 28 February 2015 * £000	FRS 102 (as restated) 28 February 2015 £000
Turnover		583,663	-	583,663
Cost of sales		(507,890)	-	(507,890)
		<u>75,773</u>	<u>-</u>	<u>75,773</u>
Administrative expenses		(65,676)	(11,966)	(77,642)
Other operating income		<u>10,970</u>	<u>-</u>	<u>10,970</u>
Operating profit		21,067	(11,966)	9,101
Income from investments		3,260	2,088	5,348
Amounts written off investments		764	-	764
Interest receivable and similar income		3,304	-	3,304
Gain on fair value of assets		-	232	232
Taxation		<u>(5,502)</u>	<u>(415)</u>	<u>(5,917)</u>
Profit on ordinary activities after taxation and for the financial year		<u>22,893</u>	<u>(10,061)</u>	<u>12,832</u>

* This includes £12 million relating to the prior year adjustment (see note 28).

Explanation of changes to previously reported profit and equity:

- 1 As per FRS 102 all shares which are publicly traded should be included in the financial statements at market value, previously under UK GAAP these could be recorded at cost. Therefore at transition date an asset of £6,485,396 was recognised and a gain to the profit and loss for the same amount. In the year to 28 February 2015 an additional £2,088,242 was charged to the asset and a gain to the profit and loss for the same amount.
- 2 FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the company recognising a liability for holiday pay of £872,231 on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. In the year to 28 February 2015 an additional charge of £52,076 was recognised in the profit and loss account and the liability at 28 February 2015 was £924,307.
- 3 As per FRS 102 investment properties should be disclosed at market value, the investment proportion of properties has been revalued at market value and the corresponding depreciation charged on this has been reversed, this has led to an increase in equity of £999,831 as at 1 March 2014 and a further £86,709 as at 28 February 2015

TRAILFINDERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

35. First time adoption of FRS 102 (continued)

- 4 FRS 102 requires that mixed use properties should be separated between investment property and property plant and equipment and should be disclosed at market value, thus the investment proportion of properties have been revalued. Therefore we have transferred the investment apportion of £3,448,101 of the property from freehold property to investment properties and these have the been revalued by £5,293,894 as at 1 March 2014 and by a further £232,000 as at 28 February 2015.
- 5 From the revaluation of listed investments and investment properties there have been consequent deferred tax liabilities arising at the transition dates. The adjustments made to the accounts for deferred tax at the transistion date of 1 March 2014 is £2,357,036 to the balance sheet and profit loss and at the transition date of 28 February 2015 there is a reduction in the liability of £1,105,319.