

**Abercrombie & Kent Limited**

**Directors' report and financial  
statements**

Registered number 01082430

Year ended 31 December 2012

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## **Directors' report**

### **Directors' report**

The directors present their report and the financial statements of the company for the year ended 31 December 2012

### **Results and dividends**

The trading results and the company's financial position at the end of December 2012 are shown in the attached financial statements

The directors do not recommend the payment of a dividend (2011 £Nil)

### **Business review and principal activities**

The company operates as a tour operator and travel agent

In 2012 the company achieved sales of £32,759,000 a 9% increase over the 2011 level, with strong sales to destinations such as India, Africa, the Indian Ocean, Antarctica, Europe and the Far East. This increase was achieved despite a continuation from the previous year of lower sales to Egypt, Morocco, Tunisia, Libya and Syria due to the ongoing unrest in this region.

Bookings received in the first quarter of 2013 have continued to be affected by geo-political events such as in Egypt. In spite of this, bookings in this period are 22% above the level achieved in the comparable period of 2012.

The company remains in a healthy position in terms of its cash flow.

The business is controlled by monitoring key performance indicators including weekly bookings, conversion rates and margins. These are commercially sensitive and consequently have not been reproduced here.

### **Principal risks and uncertainties**

The travel industry is a very competitive industry. The company manages this risk by providing high quality innovative travel products and value added services often owned and managed by other Group companies. Fast response times were achieved not only in supplying detailed travel itineraries, but also in handling all customer queries and by maintaining strong relationships with both clients and suppliers.

The company operates in several foreign markets and is exposed to currency risks as a result of these operations. The directors actively manage the company's exposure to foreign currency movements.

### **Directors and directors' interests**

The directors who served the company during the year were as follows:

JB Kent  
TD Holderness-Roddam  
BE Fichte  
JC Wateridge – Resigned 30 07 12  
JA Jutsum  
IGL Coghlan  
RA Brown – Appointed 30 07 12

## **Directors' report** *(continued)*

### **Employees**

Abercrombie & Kent Limited is an equal opportunities employer

The company maintains close consultation with its employees on matters that are likely to affect their interests and is committed to involving them in the performance and development of the business. Periodic presentations are made to all staff by the directors and at these sessions, questions and issues raised by staff are answered.

### **Environmental statement**

Abercrombie & Kent is deeply committed to worldwide conservation. We believe that the preservation of our natural and cultural heritage is best accomplished through the sustained unification of environmental and economic goals.

Our goal is to provide long-term support for existing natural ecosystems to ensure that human populations, flora and fauna continue to survive and coexist successfully. Our vision includes working together with local peoples and regional non-government organizations to inspire and develop sound community health and conservation practices and assist in mitigating global climate change.

### **Political and charitable donations**

The company made no political donations during the year to 31 December 2012 (2011 £Nil). Charitable donations to Abercrombie & Kent Philanthropy totaled £36,903 in the year to 31 December 2012 (2011 £47,331).

### **Disclosure of information to auditor**

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

### **Auditor**

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

On behalf of the Board



**RA Brown**  
*Director*

St Georges House  
Ambrose Street  
Cheltenham  
Gloucestershire  
GL50 3LG

19 June 2013

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and 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 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.



## **Independent auditor's report to the members of Abercrombie & Kent Limited**

We have audited the financial statements of Abercrombie & Kent Limited for the year ended 31 December 2012 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities 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. 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 Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 31 December 2012 and of its profit for the year then ended
- have been properly prepared in accordance with UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Abercrombie & Kent Limited** *(continued)*

### **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



Antonio Antonius (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
100 Temple Street  
Bristol  
BS1 6AG

19<sup>th</sup> June 2013





**Profit and loss account**  
*for the year ended 31 December 2012*

	<i>Note</i>	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
<b>Turnover</b>	<i>1</i>	<b>32,759</b>	<b>30,135</b>
Cost of sales		<b>(26,462)</b>	<b>(24,201)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>6,297</b>	<b>5,934</b>
Administrative expenses		<b>(6,200)</b>	<b>(5,888)</b>
		<hr/>	<hr/>
<b>Operating profit</b>		<b>97</b>	<b>46</b>
Other interest receivable and similar income	<i>5</i>	<b>29</b>	<b>43</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	<i>2-4</i>	<b>126</b>	<b>89</b>
Tax on profit on ordinary activities	<i>6</i>	<b>(33)</b>	<b>(31)</b>
		<hr/>	<hr/>
<b>Profit for the financial year</b>	<i>16</i>	<b>93</b>	<b>58</b>
		<hr/>	<hr/>

A statement of total recognised gains and losses has not been included as part of these financial statements as the company made no gains or losses in the year other than those disclosed above in the profit and loss account

The results for the year as disclosed in the profit and loss account are on a historical cost basis

The results for the current year and preceding financial period all arise from continuing operations



**Balance sheet**  
**at 31 December 2012**

	Note	2012 £000	2011 £000
<b>Fixed assets</b>			
Intangible assets	7	-	54
Tangible assets	8	482	194
Investments	9	-	-
		<u>482</u>	<u>248</u>
<b>Current assets</b>			
Stocks	10	9	40
Debtors	11	6,524	4,955
Cash at bank and in hand		3,649	4,356
		<u>10,182</u>	<u>9,351</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(8,487)</u>	<u>(7,515)</u>
<b>Net current assets</b>		<u>1,695</u>	<u>1,836</u>
<b>Total assets less current liabilities</b>		<u>2,177</u>	<u>2,084</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(1,110)</u>	<u>(1,110)</u>
<b>Net assets</b>		<u>1,067</u>	<u>974</u>
<b>Capital and reserves</b>			
Called up share capital	15	500	500
Profit and loss account	16	567	474
<b>Shareholders' funds</b>		<u>1,067</u>	<u>974</u>

The notes on pages 10 to 18 form part of the financial statements

These financial statements were approved by the board of directors on 19<sup>th</sup> June 2013 and were signed on its behalf by



**RA Brown**  
 Director

**Cash Flow Statement**  
*for the year ended 31 December 2012*

	<i>Note</i>	2012 £000	2011 £000
<b>Reconciliation of operating profit to net cash flow from operating activities</b>			
Operating profit		97	46
Depreciation charges		155	176
Amortisation charges		54	65
Decrease/(increase) in stocks		31	(28)
Increase in debtors		(1,602)	(592)
Increase in creditors		972	728
		<hr/>	<hr/>
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(293)</b>	<b>395</b>
		<hr/>	<hr/>
<b>Cash flow statement</b>			
Cash flow from operating activities		(293)	395
Returns on investments and servicing of finance	17	29	43
Capital expenditure and financial investment	17	(443)	(78)
		<hr/>	<hr/>
<b>(Decrease)/increase in cash in the year</b>		<b>(707)</b>	<b>360</b>
		<hr/>	<hr/>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Movement in net funds in the period		(707)	360
Net funds at the start of the period		3,246	2,886
		<hr/>	<hr/>
<b>Net funds at the end of the period</b>	18	<b>2,539</b>	<b>3,246</b>
		<hr/>	<hr/>

**Reconciliation of movement in shareholders' funds**  
*for the year ended 31 December 2012*

	2012 £000	2011 £000
Profit for the financial year	93	58
Opening shareholder's funds	974	916
	<hr/>	<hr/>
Closing shareholder's funds	1,067	974
	<hr/>	<hr/>



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The company is a wholly owned subsidiary Abercrombie & Kent SA. The company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The company is ultimately controlled by Wintergames Travel LP ("Wintergames"). Wintergames is owned indirectly by funds managed by Fortress Investment Group LLC. The largest group in which the results of the company are consolidated is that headed by Abercrombie & Kent SA. Their financial statements can be obtained from the address given in note 23.

The directors have considered the financial position of the company and have concluded that it will be able to meet its liabilities as they fall due for the foreseeable future. For these purposes the foreseeable future is taken to mean a period of at least 12 months from the date of approval of these accounts.

#### *Goodwill*

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal instalments over its estimated useful life of ten years. Any impairment charge is included within the operating profit.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	straight line over period of lease
Fixtures and fittings	-	15% straight line
Motor vehicles	-	25% straight line
Computer and office equipment	-	25% straight line

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

#### Post-retirement benefits

The pension costs charged against profits represent contributions payable to pension schemes in respect of the accounting period. The company accounts for its contributions to the group pension schemes as a defined contribution scheme.

#### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### Turnover

Turnover relating to the sale of tours organised by the company is recognised as the total amount receivable by the company for goods supplied and service provided, excluding Value Added Tax.

Part of the company's business is to act as a travel agent. Revenue from these transactions is recognised through the commission that the company earns.

In both instances, revenue is recognised on the date of holiday departure and related costs of holidays are charged to the profit and loss account on the same basis.

Substantially all of the turnover is derived from customers in the UK.

### 2 Notes to the profit and loss account

	2012 £000	2011 £000
<i>Profit on ordinary activities before taxation is stated after charging.</i>		
Amortisation of goodwill	54	65
Depreciation of owned fixed assets	155	176
Operating lease costs		
Land and buildings	84	85
Auditor's remuneration		
Audit of these financial statements	32	29
Other services - taxation	6	5
	<hr/>	<hr/>





## Notes (continued)

### 3 Remuneration of directors

	2012 £000	2011 £000
Directors' emoluments	120	264
Company contributions to money purchase pension schemes	10	18
	<u>130</u>	<u>282</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £69,000 (2011 £119,000), and company pension contributions of £3,000 (2011 £6,000) were made to a money purchase scheme on his behalf

	Number of directors 2012	2011
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	<u>2</u>	<u>2</u>

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees 2012	2011
Administration	11	15
Selling and distribution	81	73
	<u>92</u>	<u>88</u>

The aggregate payroll costs of these persons were as follows

	2012 £000	2011 £000
Wages and salaries	2,797	2,562
Social security costs	389	292
Other pensions costs	69	67
	<u>3,255</u>	<u>2,921</u>



## Notes (continued)

### 5 Other interest receivable and similar income

	2012 £000	2011 £000
Interest receivable	29	43

### 6 Taxation

#### Analysis of charge in the year

	2012 £000	2011 £000
<b>Current tax</b>		
Total current tax charge	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	79	35
Adjustments in respect of prior periods	(46)	(4)
Deferred tax charge for the year (note 14)	33	31
Tax on profit on ordinary activities	33	31

#### Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2011 lower) than the standard rate of corporation tax in the UK 24.5% (2011 26.5%). The differences are explained below

	2012 £000	2011 £000
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	126	89
Current tax at 24.5% (2011 26.5%)	31	24
<b>Effects of</b>		
Expenses not deductible for tax purposes	25	15
Depreciation for period in excess of capital allowances	46	(16)
Utilisation of tax losses	(102)	(23)
Total current tax charge (see above)	-	-

A deferred tax asset for £79,000 (2011 £34,000) has not been recognised in respect of capital losses as the company currently has no plans to dispose of any capital assets

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 13 has been calculated based on 23% substantively enacted at the balance sheet date.

## Notes (continued)

### 6 Taxation (continued)

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

### 7 Intangible fixed assets

	Goodwill £000
<b>Cost</b>	
At beginning and end of year	649
<b>Amortisation</b>	
At beginning of year	595
Charge for the year	54
At end of year	649
<b>Net book value</b>	
At 31 December 2012	-
At 31 December 2011	54

Purchased goodwill arose on the acquisition of the trade and assets of International Chapters Plc which were purchased on 30 October 2002.

### 8 Tangible fixed assets

	Leasehold improvements £000	Fixtures and fittings £000	Motor vehicles £000	Computer and office equipment £000	Total £000
<b>Cost</b>					
At beginning of year	515	176	192	846	1,729
Additions	229	30	-	184	443
At end of year	744	206	192	1,030	2,172
<b>Depreciation</b>					
At beginning of year	424	161	192	758	1,535
Charge for the year	93	10	-	52	155
At end of year	517	171	192	810	1,690
<b>Net book value</b>					
At 31 December 2012	227	35	-	220	482
At 31 December 2011	91	15	-	88	194

## Notes (continued)

### 9 Investments

	Shares in group undertakings £000
<i>Net book value</i>	
At beginning and end of year	-

At 31 December 2012, the company wholly owned the allotted share capital of the following undertaking

	Class of registration	Class of share capital held	Proportion held	Nature of business	Capital and reserves £
Private Travel Limited	England and Wales	Ordinary	100%	Dormant	1

### 10 Stocks

	2012 £000	2011 £000
Branded consumables	9	40

### 11 Debtors

	2012 £000	2011 £000
Trade debtors	453	517
Amounts owed by group undertakings	3,226	2,063
Deferred taxation (note 14)	223	256
Deferred card payment receipts held by Barclaycard	757	884
Prepayments and accrued income	1,865	1,235
	<u>6,524</u>	<u>4,955</u>

Deferred card payments of £757,000 (2011 £884,000) represent credit and debit card payments by customers which are held by Barclaycard for 30 days (2011 45 days) before being released to the company

## Notes (continued)

### 12 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Payments received on account	5,456	4,408
Trade creditors	500	475
Amount owed to group undertakings	651	980
Taxation and social security	170	155
Accruals and deferred income	1,710	1,497
	<u>8,487</u>	<u>7,515</u>

### 13 Creditors: amounts falling due after more than one year

	2012 £000	2011 £000
Subordinated loans	<u>1,110</u>	<u>1,110</u>

The subordinated loans are subject to an agreement with the Civil Aviation Authority (CAA) who have to approve any repayments that may be made

None of the subordinated loans in the year were interest bearing (2011 Nil)

### 14 Deferred taxation

	2012 £000
Deferred tax asset at beginning of year	256
Deferred tax charge for the year (note 6)	(33)
<b>Deferred tax asset at end of year</b>	<u><b>223</b></u>

The elements of deferred taxation are as follows

	2012 £000	2011 £000
Difference between accumulated depreciation and amortisation and capital allowances	79	35
Tax losses carried forward	144	221
<b>Deferred tax asset</b>	<u><b>223</b></u>	<u><b>256</b></u>

## Notes (continued)

### 15 Called up share capital

	2012 £000	2011 £000
<i>Authorised:</i>		
500,000 ordinary shares of £1 each	500	500
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>		
500,000 ordinary shares of £1 each	500	500
	<u>          </u>	<u>          </u>

### 16 Reserves

	Profit and loss account £000
At beginning of year	474
Profit for the year	93
	<u>          </u>
At end of year	567
	<u>          </u>

### 17 Analysis of cash flows

	£000	2012 £000	£000	2011 £000
<b>Returns on investment and servicing of finance</b>				
Interest received	29		43	
	<u>          </u>		<u>          </u>	
		29		43
		<u>          </u>		<u>          </u>
<b>Capital expenditure and financial investment</b>				
Purchase of tangible fixed assets		(443)		(77)
		<u>          </u>		<u>          </u>

### 18 Analysis of net funds

	At beginning of year £000	Cash flow £000	At end of year £000
Cash in hand, at bank	4,356	(707)	3,649
Debt due greater than one year	(1,110)	-	(1,110)
	<u>          </u>	<u>          </u>	<u>          </u>
Total	3,246	(707)	2,539
	<u>          </u>	<u>          </u>	<u>          </u>





## Notes (continued)

### 19 Contingent liabilities

At 31 December 2012, the company had financial commitments in respect of forward currency contracts of £7,070,000 (2011 £4,317,000)

### 20 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2012 Land and buildings £000	2011 Land and buildings £000
Operating leases which expire		
Within one year	56	-
In the second to fifth years inclusive	173	169
Over five years	-	-
	<hr/>	<hr/>
	229	169
	<hr/>	<hr/>

Capital expenditure contracted but not provided at 31 December 2012 was £Nil (2011 £Nil)

### 21 Pension scheme

The company operates a defining contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounting to £69,000 (2011 £67,000). At 31 December 2012 there was £16,000 (2011 £Nil) of outstanding contributions, these were settled in January 2013. There were no prepaid contributions in either year.

### 22 Related party transactions

During the year, the company incurred and recharged payroll related expenditure on behalf of Friends of Conservation, a charity related by common directorship with Abercrombie & Kent Inc, amounting to £23,000 (2011 £23,000). At the year end, the outstanding balance totalled £3,800 (2011 £4,000).

The company has a loan from a group company which is subject to a subordination agreement with the Civil Aviation Authority, see note 13.

### 23 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is controlled by Abercrombie & Kent Group SA, the parent company. The ultimate controlling party is Wintergames Travel LP ("Wintergames"). Wintergames is owned indirectly by funds managed by Fortress Investment Group LLC ("Fortress").

The largest group in which the results of the company are consolidated is that headed by Abercrombie & Kent SA, incorporated in Luxembourg. The consolidated financial statements of the group are available to the public and may be obtained from Luxembourg "Registre de Commerce et des Sociétés".