

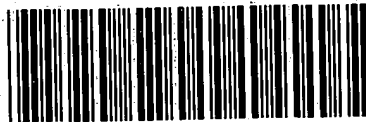
**Abercrombie and Kent Limited**

**Annual report and financial statements**

**Registered number 01082430**

**31 December 2015**

WEDNESDAY



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## **Strategic report**

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

The company operates as a tour operator and travel agent.

In 2015 the company achieved sales of £51,262,000 a 12% increase over the 2014 level, with good sales to destinations such South Africa, the USA, the Indian Ocean, Ecuador, India, Europe and the Far East. This increase was achieved despite a lack of resurgence in sales to Middle-Eastern and North African destinations due to the continued unrest in these regions, and also a diminished demand for East African destinations due to concerns over both the Ebola epidemic, and political unrest in the region.

The company had positive cash flow and a year end cash and cash equivalents balance of £7,836,000.

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 competitive industry. Abercrombie and Kent Limited 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 buys and sells in various foreign currencies and is therefore exposed to the movements against sterling and the euro. The company matches buy and sell currencies where possible to eliminate this risk and where this cannot be done the company's treasury function looks to take out forward exchange contracts to manage the risk.

### **Expansion and future prospects**

The Directors' consider Abercrombie and Kent Limited to be in a strong position in the markets in which it operates and anticipate another successful year of growth in 2016. Strong bookings in the first half of the year reflect business success in both broadening its appeal to its core target markets, and in attracting a new breed of A&K traveller. Growth continues to be delivered through both product innovation and reducing acquisition costs through building new routes to market. Whilst we continue to communicate and focus on our "accessibility" message, the continued growth of our Chairman's Club revenue reinforces A&K's excellence in HNW travel concierge.

On behalf of the Board



**RA Brown**  
*Director*

St Georges House  
Ambrose Street  
Cheltenham  
Gloucestershire  
GL50 3LG

28<sup>th</sup> June 2016

## **Directors' report**

### **Proposed dividend**

The directors do not recommend the payment of a dividend (2014: £nil).

### **Directors**

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

JB Kent  
TD Holderness-Roddam resigned on 1 October 2015  
BE Fichte  
RA Brown  
KE Golds

### **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 Limited 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 people 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 contributions**

The Company made no political donations or incurred any political expenditure during the year. Donations to Abercrombie & Kent Philanthropy totaled £46,758 in the year to 31 December 2015 (2014: £51,281).

### **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.

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

### **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.

By order of the board



**RA Brown**  
*Director*

St Georges House  
Ambrose Street  
Cheltenham  
Gloucestershire  
GL50 3LG

28<sup>th</sup> June 2016

**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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 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.



KPMG LLP  
100 Temple Street  
Bristol  
BS1 6AG  
United Kingdom

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABERCROMBIE AND KENT LIMITED**

We have audited the financial statements of Abercrombie and Kent Limited for the year ended 31 December 2015 set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 2015 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 matters prescribed by the Companies Act 2006**

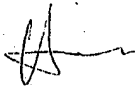
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABERCROMBIE AND 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.



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

28 June 2016



**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2015*

	<i>Note</i>	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
<b>Turnover</b>	<i>1,2</i>	<b>51,262</b>	<b>45,907</b>
Cost of sales		<b>(41,371)</b>	<b>(36,818)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>9,891</b>	<b>9,089</b>
Administrative expenses		<b>(9,501)</b>	<b>(8,382)</b>
		<hr/>	<hr/>
<b>Operating profit</b>	<i>3</i>	<b>390</b>	<b>707</b>
Other interest receivable and similar income	<i>7</i>	<b>127</b>	<b>123</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>517</b>	<b>830</b>
Tax on profit on ordinary activities	<i>8</i>	<b>(102)</b>	<b>(198)</b>
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>415</b>	<b>632</b>
		<hr/>	<hr/>
<b>Other comprehensive income for the year, net of income tax</b>		<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>415</b>	<b>632</b>
		<hr/>	<hr/>

The notes on pages 10 to 24 form an integral part of these financial statements.

**Balance Sheet**  
*at 31 December 2015*

	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Tangible assets	9	453	498
Investments	10	-	-
		<u>453</u>	<u>498</u>
<b>Current assets</b>			
Stocks	11	35	38
Debtors	12	8,874	6,352
Investments	13	84	-
Cash at bank and in hand		7,836	7,846
		<u>16,829</u>	<u>14,236</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(15,217)</u>	<u>(11,974)</u>
<b>Net current assets</b>		<u>1,612</u>	<u>2,262</u>
<b>Total assets less current liabilities</b>		<u>2,065</u>	<u>2,760</u>
<b>Creditors: amounts falling due after more than one year</b>	15	-	(1,110)
<b>Net assets</b>		<u>2,065</u>	<u>1,650</u>
<b>Capital and reserves</b>			
Called up share capital	17	500	500
Profit and loss account		1,565	1,150
<b>Shareholders' funds</b>		<u>2,065</u>	<u>1,650</u>

The notes on pages 10 to 24 form part of the financial statements.

These financial statements were approved by the board of directors on 28<sup>th</sup> June 16 and were signed on its behalf by:



**RA Brown**  
Director

Company registered number: 01082430

## Statement of Changes in Equity

	<b>Called up Share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2014	500	518	1,018
<b>Total comprehensive income for the period</b>			
Profit or loss	-	632	632
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	-	632	632
<b>Balance at 31 December 2014</b>	<b>500</b>	<b>1,150</b>	<b>1,650</b>

	<b>Called up Share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2015	500	1,150	1,650
<b>Total comprehensive income for the period</b>			
Profit or loss	-	415	415
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	-	415	415
<b>Balance at 31 December 2015</b>	<b>500</b>	<b>1,565</b>	<b>2,065</b>

The notes on pages 10 to 24 form an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Abercrombie and Kent (the "Company") is a company incorporated and domiciled in the UK.

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.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 21.

The Company's ultimate parent undertaking, Abercrombie & Kent Group of Companies S.A includes the Company in its consolidated financial statements. The consolidated financial statements of Abercrombie & Kent Group of Companies S.A are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Registre de Commerce et des Sociétés, L-2961, Luxembourg.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties; and
- Disclosures in respect of the compensation of Key Management Personnel.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 31 December 2015 for the purposes of the transition to FRS 101.

No materially significant judgements have been made by the directors in the application of these accounting policies.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments; and financial instruments classified as fair value through the profit or loss.

#### 1.2 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report on page 1. The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements. The directors, having assessed the responses of the directors of the company's parent, Abercrombie & Kent Group of Companies S.A, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Abercrombie & Kent Group of Companies S.A continue as a going concern or its ability to continue with the current banking arrangements. On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Abercrombie & Kent Group of Companies S.A, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 1.4 Non-derivative financial instruments

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

##### *Trade and other debtors*

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

##### *Trade and other creditors*

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

##### *Investments in debt and equity securities*

Financial instruments held for trading are stated at fair value, with any resultant gain or loss recognised in profit or loss.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.5 Derivative financial instruments

##### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

#### 1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are 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

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

#### 1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

#### 1.8 Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9 Employee benefits

##### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### *Termination benefits*

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### 1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.11 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.

#### **1.12 Expenses**

##### *Operating lease payments*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

##### *Interest receivable and Interest payable*

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### **1.13 Taxation**

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, 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 assets or liabilities that affect neither accounting nor taxable profit other than in a business combination 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 temporary difference can be utilised.



## Notes (continued)

### 2 Turnover

	2015 £000	2014 £000
Rendering of services	51,262	45,907

All sales are from the United Kingdom

### 3 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

	2015 £000	2014 £000
Depreciation of owned fixed assets	245	187
<i>Operating lease costs:</i>		
Land and buildings	277	153
<i>Auditor's remuneration:</i>		
Audit of these financial statements	30	30
Amounts receivable by the Company's auditor and its associates in respect of: Taxation compliance services.	4	4

### 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	
	2015	2014
Administration	12	12
Selling and distribution	95	97
	107	109

## Notes (continued)

### 4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	4,227	3,882
Social security costs	512	487
Contributions to defined contribution plans	107	73
	<u>4,846</u>	<u>4,442</u>

### 5 Employee benefits

#### Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £107,000 (2014: £73,000)

### 6 Directors' remuneration

	2015 £000	2014 £000
Directors' remuneration	268	256
Company contributions to money purchase pension plans	11	9
	<u>279</u>	<u>265</u>

The aggregate of remuneration of the highest paid director was £202,290 (2014: £202,208), and company pension contributions of £8,250 (2014: £6,598) were made to a money purchase scheme on their behalf.

	Number of directors 2015	2014
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>2</u>	<u>2</u>

## Notes (continued)

### 7 Other interest receivable and similar income

	2015 £000	2014 £000
Net gain on financial instruments designated as fair value through profit or loss	85	90
Interest receivable	42	33
	<hr/>	<hr/>
Total interest receivable and similar income	127	123
	<hr/>	<hr/>

### 8 Taxation

#### Recognised in the profit and loss account

##### *Analysis of charge in the year*

	2015 £000	2014 £000
<i>UK Corporation tax</i>		
Current tax on income for the period	131	114
<b>Deferred tax</b>		
Origination and reversal of timing differences	(29)	84
	<hr/>	<hr/>
Tax on profit on ordinary activities	102	198
	<hr/>	<hr/>

#### Reconciliation of effective tax rate

	2015 £000	2014 £000
Profit for the year	415	632
Total tax expense	102	198
	<hr/>	<hr/>
Profit excluding taxation	517	830
<i>Tax using the UK corporation tax rate of 20.25 % (2014: 21.5 %)</i>	105	178
Expenses not deductible for tax purposes	36	5
Depreciation for period in excess of capital allowances	(20)	15
Reduction in tax rate on deferred tax balances	4	-
Utilisation of tax losses	-	-
Over provided in prior years	(23)	-
	<hr/>	<hr/>
Total tax charge (see above)	102	198
	<hr/>	<hr/>

## Notes (continued)

### 8 Taxation (continued)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly. The deferred tax asset at balance sheet date has been calculated based on these rates. In the budget on March 2016, the chancellor announced additional planned reductions to 17% by April 2020.

### 9 Tangible fixed assets

	Leasehold improvements £000	Fixtures and fittings £000	Motor vehicles £000	Computer and office equipment £000	Total £000
<b>Cost</b>					
Balance at 1 January 2015	914	273	192	1,144	2,523
Acquisitions	107	9	-	84	200
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	1,021	282	192	1,228	2,723
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>					
Balance at 1 January 2015	645	205	192	983	2,025
Depreciation charge for the year	128	36	-	81	245
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	773	241	192	1,064	2,270
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 1 January 2015	269	68	-	161	498
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	248	41	-	164	453
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 10 Fixed asset investments

	Shares in group undertakings £
<i>Net book value</i>	
At 1 January 2015 and 31 December 2015	1

The Company has the following investments in subsidiaries:

	Country of Incorporation	Class of shares held	Ownership 2015	2014
Private Travel Limited (dormant)	England and Wales	Ordinary	100%	100%

### 11 Stocks

	2015 £000	2014 £000
Branded consumables	35	38

### 12 Debtors

	2015 £000	2014 £000
Trade debtors	420	446
Amounts due by group undertakings	3,259	1,685
Other debtors	110	-
Deferred taxation (Note 16)	38	9
Deferred card payments receipts held by Barclaycard	995	928
Prepayments and accrued income	4,052	3,284
	<u>8,874</u>	<u>6,352</u>

Deferred card payments of £995,000 (2014: £928,000) represent credit and debit card payments by customers which are held by Barclaycard for 30 days (2014: 30 days) before being released to the company.

**Notes (continued)**

**13 Current asset investments and other financial assets**

	2015 £000	2014 £000
<b>Current asset investments</b>		
Other financial instruments	84	-
	<u>84</u>	<u>-</u>

**14 Creditors: amounts falling due within one year**

	2015 £000	2014 £000
Subordinated loan	1,110	-
Payments received on account	10,051	8,808
Trade creditors	442	825
Amounts owed to group undertakings	1,163	642
Taxation and social security	477	336
Accruals and deferred income	1,974	1,362
Other financial instruments	-	1
	<u>15,217</u>	<u>11,974</u>

The subordinated loans are subject to an agreement with the civil aviation authority who have to approve any repayments that may be made and the debt is non-interest bearing.

**15 Creditors: amounts falling after more than one year**

	2015 £000	2014 £000
Subordinated loan	-	1,100
	<u>-</u>	<u>1,100</u>

**16 Deferred taxation**

	2015 £000
Deferred tax asset at beginning of year	9
Deferred tax asset provided for the year (note 8)	29
<b>Deferred tax asset at end of year</b>	<u>38</u>

The elements of deferred taxation are as follows:

	2015 £000	2014 £000
Difference between accumulated depreciation and amortisation and capital allowances	38	9
Deferred tax asset	<u>38</u>	<u>9</u>

## Notes (continued)

### 17 Capital

#### Called up share capital

	2015 £000	2014 £000
<i>Authorised:</i>		
500,000 ordinary shares of £1 each	500	500
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
500,000 ordinary shares of £1 each	500	500
	<hr/>	<hr/>

### 18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2015 £000	2014 £000
Less than one year	521	277
Between one and five years	1,210	1,057
More than five years	-	674
	<hr/>	<hr/>
	1,731	2,008
	<hr/>	<hr/>

During the year £277,000 was recognised as an expense in the profit and loss account in respect of operating leases (2014: £153,000).

### 19 Related parties

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 £21,135 (2014: £25,000). At the year end, the outstanding balance totalled £nil (2014: £730).

The company has a loan from a group company which is subject to a subordination agreement with the Civil Aviation Authority, see note 14.

## Notes (continued)

### 19 Related parties (continued)

	Sales to		Net administrative expenses incurred to	
	2015 £000	2014 £000	2015 £000	2014 £000
Parent	-	-	-	-
Subsidiaries	38	92	(7,377)	(7,456)
	<u>38</u>	<u>92</u>	<u>(7,377)</u>	<u>(7,456)</u>

The parent refers to Abercrombie & Kent Group of Companies S.A, and the subsidiaries with reference to this disclosure are all subsidiaries of Abercrombie & Kent Group of Companies S.A

	Receivables outstanding		Creditors outstanding	
	2015 £000	2014 £000	2015 £000	2014 £000
Parent	-	-	1,100	1,100
Subsidiaries	3,259	1,685	1,163	642
	<u>3,259</u>	<u>1,685</u>	<u>2,263</u>	<u>1,742</u>

### 20 Ultimate parent company and parent company of larger group

The company is controlled by Abercrombie & Kent Group of Companies S.A, the parent company. The ultimate controlling party is A&K Cayman LP. A&K Cayman LP 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 Group of Companies S.A., 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 Societes".

### 21 Explanation of transition to FRS 101 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 01 January 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.



## Notes (continued)

### 21 Explanation of transition to FRS 101 from old UK GAAP (continued)

#### Reconciliation of equity

	1 January 2014			31 December 2014		
	UK GAAP	Effect of transition to FRS 101	FRS 101	UK GAAP	Effect of transition to FRS 101	FRS 101
	£000	£000	£000	£000	£000	£000
<b>Fixed assets</b>						
Tangible fixed assets	656	-	656	498	-	498
Investments	-	-	-	-	-	-
	<u>656</u>		<u>656</u>	<u>498</u>		<u>498</u>
<b>Current assets</b>						
Stocks	13	-	13	38	-	38
Debtors	6,480	-	6,480	6,352	-	6,352
Cash at bank and in hand	5,894	-	5,894	7,846	-	7,846
	<u>12,387</u>	<u>-</u>	<u>12,387</u>	<u>14,236</u>	<u>-</u>	<u>14,236</u>
<b>Creditors: amounts due within one year</b>	<u>(10,824)</u>	<u>(91)</u>	<u>(10,915)</u>	<u>(11,973)</u>	<u>(1)</u>	<u>(11,974)</u>
<b>Net current assets</b>	<u>1,563</u>	<u>(91)</u>	<u>1,472</u>	<u>2,263</u>	<u>(1)</u>	<u>2,262</u>
<b>Total assets less current liabilities</b>	<u>2,219</u>	<u>(91)</u>	<u>2,128</u>	<u>2,761</u>	<u>(1)</u>	<u>2,760</u>
<b>Creditors: amounts falling due after more than one year</b>	<u>(1,110)</u>	<u>-</u>	<u>(1,110)</u>	<u>(1,110)</u>	<u>-</u>	<u>(1,110)</u>
<b>Net assets</b>	<u>1,109</u>	<u>(91)</u>	<u>1,018</u>	<u>1,651</u>	<u>(1)</u>	<u>1,650</u>
<b>Capital and reserves</b>						
Called up share capital	500	-	500	500	-	500
Profit and loss account	609	(91)	518	1,151	(1)	1,150
<b>Shareholders' funds</b>	<u>1,109</u>	<u>(91)</u>	<u>1,018</u>	<u>1,651</u>	<u>(1)</u>	<u>1,650</u>

#### Notes to the reconciliation of profit

*a) Euro and dollar forward contracts were revalued at the end of each reporting period. A financial asset/(liability) was created between the difference of the fair value and the nominal value. The movement in the asset/(liability) between each financial period was taken to the profit or loss account.*

## Notes (continued)

### 21 Explanation of transition to FRS 101 (continued)

#### Reconciliation of profit for the year ended 31 December 2014

	UK GAAP £000	2014 Effect of transition to FRS 101 £000	FRS 101 £000
Turnover	45,907	-	45,907
Cost of sales	(36,818)	-	(36,818)
<b>Gross profit</b>	<b>9,089</b>	<b>-</b>	<b>9,089</b>
Administrative expenses	(8,382)	-	(8,382)
<b>Operating profit</b>	<b>707</b>	<b>-</b>	<b>707</b>
Other interest receivable and similar income <i>a)</i>	33	90	123
<b>Profit on ordinary activities before taxation</b>	<b>740</b>	<b>90</b>	<b>830</b>
Tax on profit on ordinary activities	(198)	-	(198)
<b>Profit for the financial year</b>	<b>542</b>	<b>90</b>	<b>632</b>
<b>Other comprehensive income for the year, net of income tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>542</b>	<b>90</b>	<b>632</b>

#### Notes to the reconciliation of profit

*a) Euro and dollar forward contracts were revalued at the end of each reporting period. A financial asset/(liability) was created between the difference of the fair value and the nominal value. The movement in the asset/(liability) between each financial period was taken to the profit or loss account.*