

Registered number: 01693250

## Holiday Extras Limited

Annual report and financial statements

For the Year Ended 31 March 2016

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## **Holiday Extras Limited**

### **Company Information**

#### **Directors**

M G Pack  
C M Beare  
H Dove  
S P Hagger  
M N Paxton  
S A Hagger

#### **Registered number**

01693250

#### **Registered office**

Ashford Road  
Newingreen  
Hythe  
Kent  
CT21 4JF

#### **Independent auditors**

Kreston Reeves LLP  
Statutory Auditor & Chartered Accountants  
37 St Margaret's Street  
Canterbury  
Kent  
CT1 2TU

#### **Bankers**

The Royal Bank of Scotland plc  
2nd Floor, Turnpike House  
123 High Street  
Crawley  
West Sussex  
RH10 1DQ

## **Holiday Extras Limited**

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## **Holiday Extras Limited**

### **Strategic report For the Year Ended 31 March 2016**

#### **Introduction**

The directors present their Strategic report on the affairs of Holiday Extras Limited ('the company'), together with the audited financial statements.

The company is a wholly owned subsidiary of Holiday Extras Investments Limited.

#### **Business review**

The results for the company show a decrease in EBITDA to £9,574,000 (2015: £12,406,000). Profit before tax was £8,223,000 (2015: £10,952,000) for the year with revenue of £260,232,000 (2015: £234,538,000). The company has net assets of £17,724,00 (2015: £11,146,000).

The company operates in the UK travel and leisure market selling ancillary travel services mainly to outbound travellers and selling packages to customers taking UK based short stay breaks.

Continued strong cash flow generation together with support from the group's bankers gives the Board confidence of the group's ability to meet all operational cash flow needs.

#### **Principal risks and uncertainties**

The company has identified a number of principal risks and uncertainties that could potentially damage the current business model and future growth opportunities:

- Downturn in the UK and European economies leading to a reduction in demand for our products and services.
- Any significant damage to reputation or brands.
- Loss of, or difficulty in replacing, senior talent.
- Natural catastrophe including closure of airspace.
- Disruption to information technology systems or infrastructure, premises or business processes.

The company has developed risk management and contingency planning procedures appropriate for the business so as to mitigate these risks. There are many opportunities for growth in the UK and Europe, through developing the relationships the company has with existing customers and suppliers.

## Holiday Extras Limited

### Strategic report (continued) For the Year Ended 31 March 2016 Financial key performance indicators

The company uses a range of performance indicators across different business segments to monitor performance. Of these the following are considered key:

	2015/16 £000	2014/15 £000
<b>EBITDA</b>		
Operating Profit	6,730	9,660
Amortisation	1,028	1,028
Depreciation	1,816	1,718
EBITDA	9,574	12,406

During the year, 590 (2015: 506) full-time and part-time staff were employed by the company, generating an average turnover of £441,000 each (2015: £463,000).

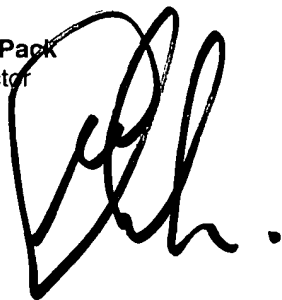
The company prides itself in the way it values its people and the level of staff engagement and retention is seen a measure of this. Staff engagement as measured by employee participation in company wide surveys was 90% (2015: 90%). Staff Retention was 89% (2015: 90%).

#### Future developments

The business has continued to expand the team to invest for growth with a strong pipeline of new products and increased bandwidth in our senior team to help deliver key strategic initiatives.

This report was approved by the board on 22nd December 2016 and signed on its behalf.

M G Pack  
Director



## **Holiday Extras Limited**

### **Directors' report For the Year Ended 31 March 2016**

The directors present their report and the financial statements for the year ended 31 March 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.

#### **Results and Dividends**

The performance of the company is set out in the enclosed financial statements and a review of the results is set out in the strategic report.

During the year, the company has not paid a dividend (2015 - £7,500,000).

After the year end, the company paid a dividend of £6,000,000 to Holiday Extras Investments Limited, its parent company.

#### **Directors**

The directors who served during the year were:

M G Pack  
C M Beare  
H Dove  
S P Hagger  
M N Paxton  
S A Hagger

## **Holiday Extras Limited**

### **Directors' report (continued) For the Year Ended 31 March 2016**

#### **Environmental reporting**

The company takes seriously its responsibility to the environment, and is committed to minimising its impact on the environment.

This is apparent in the construction of the company's headquarters. Built on a brown-field site, the offices have been constructed with water recycling systems and high-efficiency plant in order to minimise the long-term environmental impact of the building. A tree planting programme has helped enhance the buildings visual impact.

However, the directors judge that the provision of detailed information on such matters is not necessary in order to gain an understanding of the business, so no detailed disclosures regarding environmental performance have been provided.

#### **Financial instruments**

The company finances its operations through various financial instruments comprising: bank balances, trade debtors and trade creditors.

Due to the nature of the financial instruments used by the company during the year there is no exposure to price risk.

The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

The company ensures its liquidity is maintained by entering into short term financial instruments to support operational and other funding requirements. The company's liquidity management process includes projecting cashflows and considering the level of liquid assets. Liquid assets surplus to immediate operating requirements of the company are generally invested in money market facilities.

Trade debtors are managed in respect of credit and cashflow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

## **Holiday Extras Limited**

### **Directors' report (continued) For the Year Ended 31 March 2016**

#### **Employee involvement**

The company prides itself on recognising the value of its people and invests in training and development, the working environment and a fun culture to ensure that staff remain skilled, motivated and engaged.

Employees of the company are involved in generating the company's value statement, which underpin its culture, performance management and rewards.

The company is regularly named as one of The Sunday Times 100 Best Companies to Work For and achieved number 5 on the list in 2015. Inclusion in the list reflects the core values held by the company and acknowledges the company as one of the best employers in the UK. In addition the company has been accredited by Investors in People and recognised as one of the leading companies in delivering a work life balance.

The company communicates and consults with all employees via regular business briefings, staff forum and its Intranet.

#### **Employment policies**

The company's employment policies have been designed to guarantee that everyone is treated in a fair and consistent manner. They have been developed to ensure that everyone is aware of what is expected of him or her and what the employer offers in return.

The company is an equal opportunities employer and is committed to achieving and maintaining a workforce which is representative of the local community in terms of race, colour, nationality, sex, age, sexual orientation, marital status and disability.

In the event of existing staff members becoming disabled, every effort is made to enable them to maintain their present position or to provide appropriate training and employ them in suitable work within another department.

#### **Matters covered in the strategic report**

Disclosures in respect of future developments have been included as part of the strategic report.



## **Holiday Extras Limited**

### **Directors' report (continued) For the Year Ended 31 March 2016**

#### **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 the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the 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**

Under section 487(2) of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 22nd December 2016 and signed on its behalf.



**G Pack**  
Director

## **Holiday Extras Limited**

### **Independent auditors' report to the shareholders of Holiday Extras Limited**

We have audited the financial statements of Holiday Extras Limited for the year ended 31 March 2016, set out on pages 9 to 29. 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 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**

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 31 March 2016 and of its profit or loss 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.

**Holiday Extras Limited**

**Independent auditors' report to the shareholders of Holiday Extras 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.

*Kreston Reeves LLP*

Peter Manser FCA DChA (Senior statutory auditor)

for and on behalf of  
**Kreston Reeves LLP**

Statutory Auditor  
Chartered Accountants

Canterbury  
Date: *22<sup>nd</sup> December 2016*

## Holiday Extras Limited

### Statement of comprehensive income For the Year Ended 31 March 2016

	Note	2016 £000	2015 £000
Turnover	4	260,232	234,538
Cost of sales		(222,667)	(197,491)
<b>Gross profit</b>		<b>37,565</b>	<b>37,047</b>
Administrative expenses		(32,159)	(28,390)
Other operating income	5	1,324	1,003
<b>Operating profit</b>	6	<b>6,730</b>	<b>9,660</b>
Interest receivable and similar income	10	1,612	1,391
Interest payable and expenses	11	(119)	(99)
<b>Profit before tax</b>		<b>8,223</b>	<b>10,952</b>
Tax on profit	12	(1,645)	(2,398)
<b>Profit for the year</b>		<b>6,578</b>	<b>8,554</b>

There were no other comprehensive income for 2016 (2015:£000NIL).

The notes on pages 12 to 29 form part of these financial statements.

**Holiday Extras Limited**  
**Registered number: 01693250**

**Balance sheet**  
**As at 31 March 2016**

	Note	£000	2016 £000	2015 £000
<b>Fixed assets</b>				
Intangible assets	14		5,921	6,949
Tangible assets	15		9,502	9,370
Investments	16		629	-
			<u>16,052</u>	<u>16,319</u>
<b>Current assets</b>				
Debtors: amounts falling due after more than one year	17	-	626	
Debtors: amounts falling due within one year	17	57,915	45,201	
Cash at bank and in hand	18	22,810	19,377	
		<u>80,725</u>	<u>65,204</u>	
Creditors: amounts falling due within one year	19	(34,562)	(31,579)	
<b>Net current assets</b>			<u>46,163</u>	<u>33,625</u>
<b>Total assets less current liabilities</b>			<u>62,215</u>	<u>49,944</u>
Accruals and deferred income	22		(44,491)	(38,798)
<b>Net assets</b>			<u>17,724</u>	<u>11,146</u>
<b>Capital and reserves</b>				
Called up share capital	23		20	20
Other reserves	24		(67)	(67)
Profit and loss account	24		17,771	11,193
			<u>17,724</u>	<u>11,146</u>

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

22nd December 2016

M G Pack  
Director

The notes on pages 12 to 29 form part of these financial statements.

**Holiday Extras Limited**

**Statement of changes in equity  
For the Year Ended 31 March 2016**

	Share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2015	20	(67)	11,193	11,146
Profit for the year	-	-	6,578	6,578
<b>At 31 March 2016</b>	<b>20</b>	<b>(67)</b>	<b>17,771</b>	<b>17,724</b>

**Statement of changes in equity  
For the Year Ended 31 March 2015**

	Share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2014	20	(67)	10,139	10,092
Profit for the year	-	-	8,554	8,554
Dividends: Equity capital	-	-	(7,500)	(7,500)
<b>At 31 March 2015</b>	<b>20</b>	<b>(67)</b>	<b>11,193</b>	<b>11,146</b>

The notes on pages 12 to 29 form part of these financial statements.

## **Holiday Extras Limited**

### **Notes to the financial statements For the Year Ended 31 March 2016**

#### **1. General information**

Holiday Extras Limited is a limited liability company incorporated in England and Wales. The address of the registered office is Ashford Road, Newingreen, Hythe, Kent, CT21 4JF.

The principal activity of the company is that of the selling and marketing of travel-related services that are required in addition to a holiday or flight and short break leisure packages.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit and loss.

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 company's functional and presentational currency is Pounds Sterling.

The company's financial statements are presented to the nearest £000.

The following principal accounting policies have been applied:

##### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Holiday Extras Investments Limited as at 31 March 2016 and these financial statements may be obtained from Ashford Road, Newingreen, Hythe, Kent, CT21 4JF.

##### **2.3 Going concern**

After making enquiries, the directors believe that the company will have adequate resources to continue in operational existence for the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

**Notes to the financial statements  
For the Year Ended 31 March 2016**

**2. Accounting policies (continued)**

**2.4 Recognition of income**

Turnover represents revenue due from normal activities of the business to the extent that the seller obtains a right to consideration in exchange for its performance of those activities, exclusive of VAT.

The revenue recognised is measured by reference to the amounts likely to be chargeable to customers, less a sustainable allowance to recognise the uncertainties remaining in the completion of the obligations. Contingent income is recognised only when the contingent element is assured.

Income is recognised as follows:

(a) Sale of hotel accommodation, airport parking and other travel related products.

Credit is taken to the statement of comprehensive income for stay dates commencing during the accounting period.

(b) Travel insurance

Credit is taken to the statement of comprehensive income for the commission arising on insurance policies returned to the company during the accounting period.

**2.5 Gross profit on trading activities**

(a) Value added tax

Where appropriate, VAT on trading activities is accounted for under the Tour Operators' Margin Scheme. VAT payable under the scheme is included in cost of sales.

(b) Commissions due to agents

Commissions payable to agents on business executed in the year are included in cost of sales.

Turnover is therefore shown gross without deduction for relevant commissions.

**2.6 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the statement of comprehensive income over its useful economic life of 5-20 years.



**Notes to the financial statements  
For the Year Ended 31 March 2016**

**2. Accounting policies (continued)**

**2.7 Tangible fixed assets**

Tangible fixed assets under the cost model 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 provided on the following basis:

Freehold buildings	- 2% straight line
Motor vehicles	- 25% straight line
Fixtures, fittings and equipment	- 20% - 25% straight line
Computer software	- 25% straight line
Computer hardware	- 25% - 50% 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 'administrative expenses' in the statement of comprehensive income.

**2.8 Operating leases: lessee**

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**2.9 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

**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.

**Notes to the financial statements  
For the Year Ended 31 March 2016**

**2. Accounting policies (continued)**

**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 receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

**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.

**2.14 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

**2.15 Foreign currency translation**

**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 resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.16 Finance costs**

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Notes to the financial statements  
For the Year Ended 31 March 2016**

**2. Accounting policies (continued)**

**2.17 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.

**2.18 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 statement of comprehensive income 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.

**2.19 Interest income**

Interest income is recognised in the statement of comprehensive income 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 statement of comprehensive income 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 31 March 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 statement of comprehensive income, 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.

**Notes to the financial statements  
For the Year Ended 31 March 2016**

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

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgements have had the most significant impact on amounts recognised in the financial statements and are the company's key sources of estimation uncertainty:

**Lease commitments**

The company has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the directors to consider whether the terms and conditions of each lease are such that the company has acquired the risks and rewards associated with the ownership of the underlying assets.

**Goodwill and intangible assets**

The company has recognised goodwill and other intangible assets arising from business combinations with a carrying value of £5,560,000 at the reporting date (see note 14). On acquisition the company determines a reliable estimate of the useful life of goodwill and intangible assets based upon factors such as the expected use of the acquired business, forecasts of expected future results and cash flows, and any legal, regulatory or contractual provisions that can limit useful life. At each subsequent reporting date the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the useful life of goodwill and intangible assets.

**Tangible fixed assets**

The company has recognised tangible fixed assets with a carrying value of £9,502,000 at the reporting date (see note 15). These assets are stated at their cost less provision for depreciation and impairment. The company's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the company determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the company undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less the incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the company's forecasts for the foreseeable future which do not include any restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

**Taxation**

Provision has been made in the financial statements for deferred tax amounting to £210,000 at the reporting date (see note 20). This provision is based upon estimates of the availability of future taxable profits, the timing of the reversal of timing differences upon which the provision is based and the tax rates that will be in force at that time together with an assessment of the impact of future tax planning strategies.

## Holiday Extras Limited

### Notes to the financial statements For the Year Ended 31 March 2016

#### 4. Analysis of turnover

The whole of the turnover is attributable to the company's principal activity being the selling and marketing of travel-related services that are required in addition to a holiday or flight and short break leisure packages.

All turnover arose within the United Kingdom.

#### 5. Other operating income

	2016 £000	2015 £000
Management fees	1,165	752
Government grants receivable	4	4
Other income	155	246
Other commissions receivable	-	1
	<u>1,324</u>	<u>1,003</u>

#### 6. Operating profit

The operating profit is stated after charging/(crediting):

	2016 £000	2015 £000
Depreciation of tangible fixed assets	1,816	1,718
Amortisation of intangible assets, including goodwill	1,028	1,028
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	71	58
Exchange differences	193	(349)
Operating lease rentals	136	22
	<u>136</u>	<u>22</u>

#### 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	66	58
<b>Fees payable to the company's auditor and its associates in respect of:</b>		
The auditing of accounts of associates of the company pursuant to legislation	5	5
Taxation compliance services	12	10
All other non audit services not included above	14	6
	<u>14</u>	<u>6</u>

## Holiday Extras Limited

### Notes to the financial statements For the Year Ended 31 March 2016

#### 8. Employees

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

	2016 £000	2015 £000
Wages and salaries	15,248	13,765
Social security costs	1,438	1,402
Cost of defined contribution scheme	473	413
	<u>17,159</u>	<u>15,580</u>

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

	2016 No.	2015 No.
Office administration and sales	<u>590</u>	<u>506</u>

#### 9. Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	1,165	1,427
Company contributions to defined contribution pension schemes	96	90
	<u>1,261</u>	<u>1,517</u>

During the year retirement benefits were accruing to 5 directors (2015 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £301,000 (2015 - £404,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £24,000 (2015 - £23,000).

#### 10. Interest receivable

	2016 £000	2015 £000
Interest receivable from group companies	1,598	1,349
Other interest receivable	14	42
	<u>1,612</u>	<u>1,391</u>

## Holiday Extras Limited

### Notes to the financial statements For the Year Ended 31 March 2016

#### 11. Interest payable and similar charges

	2016 £000	2015 £000
Other loan interest payable	-	21
Loans from group undertakings	119	78
	<u>119</u>	<u>99</u>

#### 12. Taxation

	2016 £000	2015 £000
<b>Corporation tax</b>		
Current tax on profits for the year	1,662	2,416
Adjustments in respect of previous periods	-	(31)
<b>Total current tax</b>	<u>1,662</u>	<u>2,385</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(38)	13
Changes to tax rates	21	-
<b>Total deferred tax</b>	<u>(17)</u>	<u>13</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,645</u>	<u>2,398</u>



## Holiday Extras Limited

### Notes to the financial statements For the Year Ended 31 March 2016

#### 12. Taxation (continued)

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

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	8,223	10,953
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	1,645	2,300
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	14	19
Depreciation on assets not qualifying for capital allowances	286	238
Utilisation of tax losses	-	(20)
Adjustments to tax charge in respect of prior periods	-	(31)
Short term timing difference leading to an increase (decrease) in taxation	(17)	13
Effect of consortium relief	-	(65)
Group relief	(283)	(664)
Payment for group relief	-	608
<b>Total tax charge for the year</b>	<b>1,645</b>	<b>2,398</b>

##### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

#### 13. Dividends

	2016 £000	2015 £000
Dividends paid on equity capital	-	7,500
	-	7,500

## Holiday Extras Limited

### Notes to the financial statements For the Year Ended 31 March 2016

#### 14. Intangible assets

	<b>Goodwill</b>
	<b>£000</b>
<b>Cost</b>	
At 1 April 2015	<b>12,497</b>
At 31 March 2016	<b>12,497</b>
<b>Amortisation</b>	
At 1 April 2015	<b>5,548</b>
Charge for the year	<b>1,028</b>
At 31 March 2016	<b>6,576</b>
<b>Net book value</b>	
At 31 March 2016	<b>5,921</b>
At 31 March 2015	<b>6,949</b>

## Holiday Extras Limited

### Notes to the financial statements For the Year Ended 31 March 2016

#### 15. Tangible fixed assets

	Freehold property £000	Motor vehicles £000	Fixtures & fittings £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2015	7,297	558	14,649	22,504
Additions	202	147	1,642	1,991
Disposals	-	(117)	(41)	(158)
At 31 March 2016	<u>7,499</u>	<u>588</u>	<u>16,250</u>	<u>24,337</u>
<b>Depreciation</b>				
At 1 April 2015	1,487	319	11,328	13,134
Charge owned for the period	137	108	1,571	1,816
Disposals	-	(76)	(39)	(115)
At 31 March 2016	<u>1,624</u>	<u>351</u>	<u>12,860</u>	<u>14,835</u>
<b>Net book value</b>				
At 31 March 2016	<u>5,875</u>	<u>237</u>	<u>3,390</u>	<u>9,502</u>
At 31 March 2015	<u>5,810</u>	<u>239</u>	<u>3,321</u>	<u>9,370</u>

Included in freehold land and buildings is an amount of £482,000 (2015 - £482,000) attributable to land on which no depreciation has been charged.

## Holiday Extras Limited

### Notes to the financial statements For the Year Ended 31 March 2016

#### 16. Fixed asset investments

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 April 2015	2
Additions	629
At 31 March 2016	631
<b>Impairment</b>	
At 1 April 2015	2
At 31 March 2016	2
<b>Net book value</b>	
At 31 March 2016	629
At 31 March 2015	-

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Think W3 Limited	England	Ordinary	100 %	Non-trading
Essential Travel Limited	England	Ordinary	100 %	Travel related services
Essential Extras Limited	England	Ordinary	100 %	Non-trading
Park at the Airport Limited	England	Ordinary	100 %	Non-trading

## Holiday Extras Limited

### Notes to the financial statements For the Year Ended 31 March 2016

#### 17. Debtors

	2016 £000	2015 £000
<b>Due after more than one year</b>		
Other debtors	-	626
	-	626
	<b>2016 £000</b>	<b>2015 £000</b>
<b>Due within one year</b>		
Trade debtors	574	1,942
Amounts owed by group undertakings	54,157	40,925
Other debtors	122	138
Prepayments and accrued income	2,835	1,986
Deferred taxation	227	210
	<b>57,915</b>	<b>45,201</b>

#### 18. Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	22,810	19,377
	<b>22,810</b>	<b>19,377</b>

#### 19. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	23,822	21,713
Amounts owed to group undertakings	5,233	3,419
Corporation tax	297	96
Taxation and social security	3,267	3,162
Other creditors	174	1,259
Accruals and deferred income	1,769	1,930
	<b>34,562</b>	<b>31,579</b>

## Holiday Extras Limited

### Notes to the financial statements For the Year Ended 31 March 2016

#### 20. Financial instruments

	2016 £000	2015 £000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	54,853	43,631
	<u>54,853</u>	<u>43,631</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(34,265)	(31,483)
	<u>(34,265)</u>	<u>(31,483)</u>

Financial assets measured at amortised cost comprise trade debtors, amounts due from group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts due to group undertakings, social security and other taxes, pension creditors and accruals.

#### 21. Deferred taxation

	2016 £000	2015 £000
At beginning of year	210	223
Charged to the profit or loss	17	(13)
<b>At end of year</b>	<u>227</u>	<u>210</u>

The deferred tax asset is made up as follows:

	2016 £000	2015 £000
Accelerated capital allowances	211	188
Other timing differences	16	22
	<u>227</u>	<u>210</u>

## Holiday Extras Limited

### Notes to the financial statements For the Year Ended 31 March 2016

#### 22. Accruals and deferred income

	2016 £000	2015 £000
Deferred income	44,347	38,650
Government grants received	144	148
	<u>44,491</u>	<u>38,798</u>

Deferred income comprises cash received in respect of bookings where the stay date falls after the balance sheet date.

#### 23. Share capital

	2016 £000	2015 £000
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
20,000 Ordinary shares of £1 each	<u>20</u>	<u>20</u>

#### 24. Reserves

##### Other reserves

Other reserves represents a permanent contribution to the Employee Benefit Trust.

##### Profit & loss account

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the company's shareholders.

#### 25. Contingent liabilities

All assets of the company are secured by debentures in favour of The Royal Bank of Scotland plc, to support the borrowings of the ultimate holding company of the group of which the company is a member.

At 31 March 2016 the total exposure amounted to £NIL (2015 - £NIL).

#### 26. Pension commitments

The company makes payments into a group personal pension plan available to all employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost included in the financial statements in respect of this scheme is £473,000 (2015 - £413,000).

There were £68,000 of unpaid contributions at 31 March 2016 (2015 - £82,000).

## Holiday Extras Limited

### Notes to the financial statements For the Year Ended 31 March 2016

#### 27. Commitments under operating leases

At 31 March 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Not later than 1 year	128	5
Later than 1 year and not later than 5 years	465	-
Later than 5 years	385	-
	<u>978</u>	<u>5</u>

In addition to the above, the company has a joint tenancy with Airparks Services Limited, a fellow group company, in leasehold property. All costs relating to this leasehold property are borne by Airparks Services Limited, which occupies the property for its sole use in its trade.

#### 28. Related party transactions

During the year, transactions with related parties have taken place as follows:

The company provided services and working capital loans of £14,000 (2015 - £63,000) to miDrive Limited, a company which is a joint venture of Holiday Extras Investments Limited, the company's parent undertaking. At the year end, £7,000 (2015 - £63,000) is due from miDrive Limited.

In the prior year, the company provided working capital of £401,000 to PassSmart Limited, a company in which Holiday Extras Investments Limited has a significant shareholding. The company also assigned a loan of £1,063,000 due from PassSmart Limited to Holiday Extras Investments Limited for an amount equal to the loan value. At 31 March 2016, no amounts are due from PassSmart Limited (2015 - £25,000).

#### 29. Controlling party

The parent undertaking is Holiday Extras Investments Limited, a company incorporated in England and Wales whose registered office is Ashford Road, Newingreen, Hythe, Kent, CT21 4JF. Copies of this company's group financial statements may be obtained from the registered office.

The company is controlled by G Pack, C Pack, M Pack and J Pack, directors of Holiday Extras Investments Limited, by virtue of their combined shareholding.