

Registered number: 01693250

Holiday Extras Limited

Annual report and financial statements

For the year ended 31 March 2018

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Holiday Extras Limited

Company Information

Directors

A J Britcliffe
A E Divers (appointed 22 January 2018)
H Dove
S A Hagger
S P Hagger
A B Kemsley (appointed 1 June 2018)
D C Norris
M G Pack
A M M Parker
M N Paxton

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 2018

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

The results for the Company show an increase in EBITDA to £12,471,000 (2017: £10,364,000). Profit before tax was £10,611,000 (2017: £8,707,000) for the year with revenue of £315,600,000 (2017: £290,155,000). The company has net assets of £21,218,000 (2017: £16,872,000).

The Company grew on its market share across major product lines, assisted by the Group's acquisition of the brand and assets of Purple Parking Limited.

Another Group acquisition during the year - Chantry Corporation Limited, which was previously a key supplier of IT systems, has enabled the Company to safeguard a key area of Intellectual Property, and also bring in some exceptional expertise in the travel ancillaries field.

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 2018

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:

	2017/18 £000	2016/17 £000
EBITDA		
Operating Profit	9,187	7,282
Amortisation	2,561	2,240
Depreciation	723	842
EBITDA	12,471	10,364


During the year, 668 (2017: 668) full-time and part-time staff were employed by the company, generating an average turnover of £472,000 each (2017: £434,000).

The company prides itself on the way it values its people and measures staff engagement regularly by employee participation in company wide surveys.

Future developments

The company has continued to make significant investments in its team to leverage the huge opportunity it sees in delivering the vision of "Less Hassle, More Holiday" to its customers.

This report was approved by the board on 12th December 2018 and signed on its behalf.



M G Pack
Director

Holiday Extras Limited

Directors' report

For the year ended 31 March 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

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's financial statements and then apply them consistently;
- make judgements 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;
- 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Results and Dividends

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

During the year, the company paid dividends totalling £5,000,000 (2017 - £8,000,000).

Directors

The directors who served during the year were:

C M Beare (resigned 13 April 2017)
A J Britcliffe
A E Divers (appointed 22 January 2018)
H Dove
S A Hagger
S P Hagger
D C Norris
M G Pack
A M M Parker
M N Paxton

Holiday Extras Limited

Directors' report (continued) For the year ended 31 March 2018

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.

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 2018

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 has been included on The Sunday Times 100 Best Companies to Work For list for the 11th time and this year was awarded a Wellbeing award that recognises the company's focus on health, home and community. 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

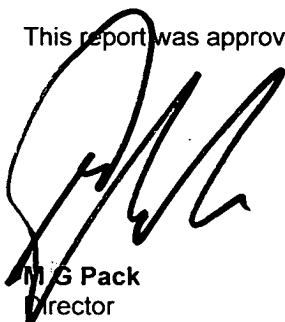
Disclosures in respect of future developments have been included as part of the strategic report.

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.

This report was approved by the board on 12th December 2018 and signed on its behalf.



M G Pack
Director

Holiday Extras Limited

Independent auditors' report to the shareholders of Holiday Extras Limited

Opinion

We have audited the financial statements of Holiday Extras Limited (the 'company') for the year ended 31 March 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the shareholders of Holiday Extras Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the shareholders of Holiday Extras Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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.

Kreston Reeves LLP

Peter Manser FCA DChA (Senior statutory auditor)

for and on behalf of
Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

Canterbury
Date: 20 December 2018

Holiday Extras Limited

Statement of comprehensive income For the year ended 31 March 2018

	Note	2018 £000	2017 £000
Turnover	4	315,600	290,155
Cost of sales		(270,421)	(249,632)
Gross profit		45,179	40,523
Administrative expenses		(38,588)	(35,092)
Other operating income	5	2,596	1,851
Operating profit	6	9,187	7,282
Interest receivable and similar income	10	1,561	1,564
Interest payable and expenses	11	(137)	(139)
Profit before tax		10,611	8,707
Tax on profit	12	(1,265)	(1,559)
Profit for the year		9,346	7,148

There was no other comprehensive income for 2018 (2017: £NIL)

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

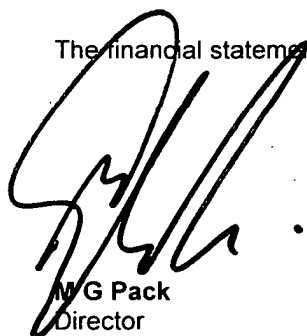
Holiday Extras Limited
Registered number: 01693250

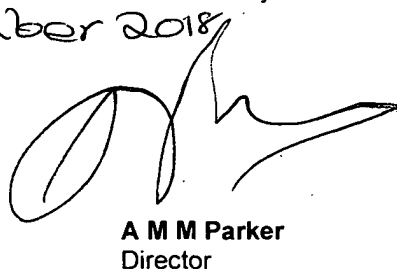
Balance sheet
As at 31 March 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	14	9,494	7,909
Tangible assets	15	9,771	7,194
Investments	16	11	629
		<u>19,276</u>	<u>15,732</u>
Current assets			
Debtors: amounts falling due within one year	17	59,675	56,160
Cash at bank and in hand	18	39,423	30,515
		<u>99,098</u>	<u>86,675</u>
Creditors: amounts falling due within one year	19	(40,624)	(33,600)
Net current assets		<u>58,474</u>	<u>53,075</u>
Total assets less current liabilities		<u>77,750</u>	<u>68,807</u>
Accruals and deferred income	21	(56,532)	(51,935)
Net assets		<u>21,218</u>	<u>16,872</u>
Capital and reserves			
Called up share capital	22	20	20
Other reserves	23	(67)	(67)
Profit and loss account	23	21,265	16,919
		<u>21,218</u>	<u>16,872</u>

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

12th December 2018


M G Pack
 Director


A M M Parker
 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 2018

	Share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 April 2017	20	(67)	16,919	16,872
Profit for the year	-	-	9,346	9,346
Dividends: Equity capital	-	-	(5,000)	(5,000)
At 31 March 2018	20	(67)	21,265	21,218

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

Statement of changes in equity For the year ended 31 March 2017

	Share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 April 2016	20	(67)	17,771	17,724
Profit for the year	-	-	7,148	7,148
Dividends: Equity capital	-	-	(8,000)	(8,000)
At 31 March 2017	20	(67)	16,919	16,872

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 2018

1. General information

Holiday Extras Limited (the 'company') is a private company limited by shares incorporated in England with the registration number 01693250. 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 unless otherwise specified within these accounting policies 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 judgement in applying the company accounting policies (see note 3).

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

The 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- 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 2018 and these financial statements may be obtained from Ashford Road, Newingreen, Hythe, Kent, CT21 4JF.

**Notes to the financial statements
For the year ended 31 March 2018**

2. Accounting policies (continued)

2.3 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.

Management fee income is received from subsidiary companies and is recognised when entitled.

2.4 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.

**Notes to the financial statements
For the year ended 31 March 2018**

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Pounds Sterling.

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.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.8 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 2018

2. Accounting policies (continued)

2.9 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 payment 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.

2.10 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 charge 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 2018**

2. Accounting policies (continued)

2.11 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.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Software	-	25% straight line
Licences to operate	-	Over the life of the licence

2.12 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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, under both the straight line and reducing balance bases.

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 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.

**Notes to the financial statements
For the year ended 31 March 2018**

2. Accounting policies (continued)

2.13 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.

2.14 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.

2.15 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.

2.16 Cash and cash equivalents

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

2.17 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.

2.18 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.

2.19 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments

**Notes to the financial statements
For the year ended 31 March 2018**

2. Accounting policies (continued)

2.19 Financial instruments (continued)

that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

2.20 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.

**Notes to the financial statements
For the year ended 31 March 2018**

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 arising from business combinations and other intangible assets that are internally generated with a carrying value of £9,494,000 (2017: £7,909,000) 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.

The classification of intangible assets requires the directors to consider whether the assets meet the recognition criteria in accordance with FRS102.

Tangible fixed assets

The company has recognised tangible fixed assets with a carrying value of £9,771,000 (2017: £7,194,000) at the reporting date (see note 15). These assets are stated at their cost less provision for depreciation and impairment. 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 £249,000 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.

Holiday Extras Limited

Notes to the financial statements For the year ended 31 March 2018

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

	2018 £000	2017 £000
Management fees	1,886	1,348
Government grants receivable	4	4
Other income	705	499
	<u>2,595</u>	<u>1,851</u>

6. Operating profit

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

	2018 £000	2017 £000
Depreciation of tangible fixed assets	723	842
Impairment of fixed asset investments	618	-
Amortisation of intangible assets, including goodwill	2,561	2,240
Exchange differences	89	231
Operating lease rentals	173	113
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	75	72
Fees payable to the company's auditor and its associates in respect of:		
The auditing of accounts of associates of the company pursuant to legislation	6	4
Taxation compliance services	13	13
All other non audit services not included above	4	6
	<u> </u>	<u> </u>

Holiday Extras Limited

Notes to the financial statements For the year ended 31 March 2018

8. Employees

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

	2018 £000	2017 £000
Wages and salaries	18,677	17,089
Social security costs	2,055	1,666
Cost of defined contribution scheme	603	529
	<u>21,335</u>	<u>19,284</u>

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

	2018 No.	2017 No.
Office administration and sales	<u>668</u>	<u>668</u>

9. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	2,213	1,535
Company contributions to defined contribution pension schemes	119	91
	<u>2,332</u>	<u>1,626</u>

During the year retirement benefits were accruing to 9 directors (2017 - 8) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £396,000 (2017 - £306,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2017 - £11,000).

10. Interest receivable

	2018 £000	2017 £000
Interest receivable from group companies	1,548	1,534
Other interest receivable	13	30
	<u>1,561</u>	<u>1,564</u>

Holiday Extras Limited

Notes to the financial statements For the year ended 31 March 2018

11. Interest payable and similar expenses

	2018 £000	2017 £000
Loans from group undertakings	137	139
	<u>137</u>	<u>139</u>

12. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	1,785	1,842
Adjustments in respect of previous periods	(557)	(224)
Total current tax	<u>1,228</u>	<u>1,618</u>
Deferred tax		
Origination and reversal of timing differences	37	(72)
Changes to tax rates	-	13
Total deferred tax	<u>37</u>	<u>(59)</u>
Taxation on profit on ordinary activities	<u>1,265</u>	<u>1,559</u>

**Notes to the financial statements
For the year ended 31 March 2018**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	10,611	8,707
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	2,016	1,741
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	406	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	10	75
Depreciation in excess of capital allowances	(121)	236
Adjustments to tax charge in respect of prior periods	(557)	(224)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(150)	-
Adjust closing deferred tax to average rate	(5)	25
Group relief	(334)	(294)
Total tax charge for the year	1,265	1,559

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

13. Dividends

	2018 £000	2017 £000
Dividends paid on equity capital	5,000	8,000
	5,000	8,000

Holiday Extras Limited

Notes to the financial statements For the year ended 31 March 2018

14. Intangible assets

	Software £000	Licences to operate £000	Goodwill £000	Total £000
Cost				
At 1 April 2017	11,690	-	12,497	24,187
Additions	2,117	2,100	-	4,217
Disposals	(826)	-	-	(826)
At 31 March 2018	12,981	2,100	12,497	27,578
Amortisation				
At 1 April 2017	8,674	-	7,604	16,278
Charge for the year	1,396	138	1,027	2,561
On disposals	(755)	-	-	(755)
At 31 March 2018	9,315	138	8,631	18,084
Net book value				
At 31 March 2018	3,666	1,962	3,866	9,494
At 31 March 2017	3,016	-	4,893	7,909

Holiday Extras Limited

Notes to the financial statements For the year ended 31 March 2018

15. Tangible fixed assets

	Freehold property £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 1 April 2017	7,895	570	6,753	15,218
Additions	2,941	114	247	3,302
Disposals	-	(79)	(87)	(166)
At 31 March 2018	<u>10,836</u>	<u>605</u>	<u>6,913</u>	<u>18,354</u>
Depreciation				
At 1 April 2017	1,763	358	5,903	8,024
Charge for the year on owned assets	139	117	467	723
Disposals	-	(79)	(85)	(164)
At 31 March 2018	<u>1,902</u>	<u>396</u>	<u>6,285</u>	<u>8,583</u>
Net book value				
At 31 March 2018	<u>8,934</u>	<u>209</u>	<u>628</u>	<u>9,771</u>
At 31 March 2017	<u>6,132</u>	<u>212</u>	<u>850</u>	<u>7,194</u>

Included in freehold land and buildings is an amount of £482,000 (2017 - £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 2018

16. Fixed asset investments

	Investments in subsidiary companies £000
Cost	
At 1 April 2017	631
At 31 March 2018	631
Impairment	
At 1 April 2017	2
Charge for the period	618
At 31 March 2018	620
Net book value	
At 31 March 2018	11
At 31 March 2017	629

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

The registered office of all the above companies is Ashford Road, Newingreen, Hythe, Kent, CT21 4JF with the exception of Essential Travel Limited whose address is Royal Oak Building, Newingreen, Hythe, Kent, CT21 4JA.

Holiday Extras Limited

Notes to the financial statements For the year ended 31 March 2018

17. Debtors

	2018 £000	2017 £000
Trade debtors	2,529	1,333
Amounts owed by group undertakings	54,092	51,768
Other debtors	152	145
Prepayments and accrued income	2,653	2,628
Deferred taxation	249	286
	<u>59,675</u>	<u>56,160</u>

18. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	39,423	30,515
	<u>39,423</u>	<u>30,515</u>

19. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	26,476	22,430
Amounts owed to group undertakings	7,397	5,519
Corporation tax	47	359
Other taxation and social security	3,598	3,008
Other creditors	634	254
Accruals	2,472	2,030
	<u>40,624</u>	<u>33,600</u>

20. Deferred taxation

	2018 £000	2017 £000
At beginning of year	286	227
Released to profit or loss	(37)	59
At end of year	<u>249</u>	<u>286</u>

Holiday Extras Limited

Notes to the financial statements For the year ended 31 March 2018

20. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
Depreciation in excess of capital allowances	233	270
Other timing differences	16	16
	<u>249</u>	<u>286</u>

21. Accruals and deferred income

	2018 £000	2017 £000
Deferred income	56,396	51,795
Government grants received	136	140
	<u>56,532</u>	<u>51,935</u>

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

22. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
20,000 Ordinary shares of £1 each	20	20

23. 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 shareholder.

24. 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 2018 the total exposure amounted to £NIL (2017 - £NIL).

Holiday Extras Limited

Notes to the financial statements For the year ended 31 March 2018

25. Capital commitments

At 31 March 2018 the company had capital commitments as follows:

	2018 £000	2017 £000
Contracted for but not provided in these financial statements	<u>2,100</u>	<u>600</u>

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 £603,000 (2017 - £529,000).

There were £97,000 of unpaid contributions at 31 March 2018 (2017 - £91,000).

27. Commitments under operating leases

At 31 March 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Not later than 1 year	177	118
Later than 1 year and not later than 5 years	580	424
Later than 5 years	194	287
	<u>951</u>	<u>829</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. 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.

At 31 March 2018, the company was controlled by G Pack, C Pack, M Pack and J Pack, by virtue of their combined shareholding in the ultimate parent undertaking Holiday Extras Investments Limited. Following a share capital restructuring and allotment of shares in Holiday Extras Investments Limited in April 2018, there is no controlling party in the opinion of the directors.