

**Insight Travel Services Limited**

**Annual report and financial statements**

**Registered number 1970858**

**For the year ended 31 December 2016**

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## Strategic report

The directors present their annual strategic report, directors' report and the audited financial statements for the year ended 31 December 2016.

### Principal activity

The principal activity of the company is the provision of administrative services.

### Performance of the business

Both the level of business and the year-end financial position were considered satisfactory and the directors expect that the present level of activity will be maintained for the foreseeable future.

The profit for the year, after taxation, was £274,338 (2015: £250,454)

No dividend was paid during the year (2015: £nil).

### Key performance indicators

The key indicators of performance revolve around wages and salaries and other overhead costs. On both these measures, the directors are satisfied that budget assumptions are being met.

### Principal risks and uncertainties

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risk arising from the company's financial instruments is credit risk. The directors review and agree policies for managing financial risks as summarised below.

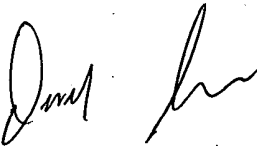
Credit risk is managed by agreeing payment terms in advance and by having in place appropriate credit control procedures. Where credit risk is considered to be higher than acceptable, payment must be provided in advance.

The company's transactions are undertaken predominantly in sterling and therefore the directors do not consider that foreign currency risk is significant, although this will be kept under review.

### Future developments

The directors aim to maintain the management policies which have resulted in the Company's results for the year. The directors believe that acceptable levels of operating profitability will be delivered in 2016.

By order of the board

  
**Derek Howie**  
Director

14 Grosvenor Place  
London  
SW1X 7HH

6 June 2017

## Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2016.

### Financial instruments

Details of the company's financial risk management objectives and policies are included in note 16 to the financial statements.

### Directors and directors' interests

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

Derek Howie  
Annaliesa Chapman

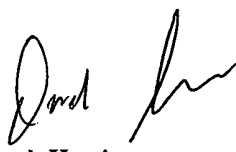
### Disclosure of information to auditors

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

### Auditors

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

By order of the board



Derek Howie  
Secretary

14 Grosvenor Place  
London  
SW1X 7HH

6 June 2017

## **Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

One Saint Peter's Square  
Manchester  
M2 3AE

### **Independent auditor's report to the members of Insight Travel Services Limited**

We have audited the financial statements of Insight Travel Services Limited for the year ended 31 December 2016 set out on pages 6 to 23 the financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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 Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

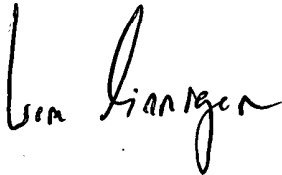
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

**Independent auditor's report to the members of Insight Travel Services 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.



**Liam Finnigan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Saint Peter's Square  
Manchester  
M2 3AE

12<sup>th</sup> June 2017

**Statement of comprehensive income**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> £	<b>2015</b> £
Revenue	2	<b>3,066,696</b>	3,034,587
Cost of sales		<b>(2,715,560)</b>	(2,715,447)
<b>Operating profit</b>	3,4	<b>351,136</b>	319,140
Finance income	6	<b>2,057</b>	1,668
<b>Profit before tax</b>		<b>353,193</b>	320,808
Taxation	7	<b>(78,855)</b>	(70,354)
<b>Profit for the year</b>		<b>274,338</b>	250,454
<b>Total comprehensive income for the year</b>		<b>274,338</b>	250,454

All results in the current and preceding year relates to continuing operations.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 23 form an integral part of these financial statements.



**Statement of changes in equity**  
*for the year ended 31 December 2016*

	Share premium £	Share capital £	Retained Earnings £	Total £
At 1 January 2015	17,145,100	40,000	(14,257,120)	2,927,980
Total comprehensive income for the year	-	-	250,454	250,454
At 31 December 2015	17,145,100	40,000	(14,006,666)	3,178,434
Total comprehensive income for the year	-	-	274,338	274,338
At 31 December 2016	<u>17,145,100</u>	<u>40,000</u>	<u>(13,732,328)</u>	<u>3,452,772</u>


The notes on pages 10 to 23 form an integral part of these financial statements.

**Statement of financial position**  
*at 31 December 2016*

	<i>Note</i>	<b>2016</b> £	<b>2015</b> £
<b>Non-current assets</b>			
Plant and equipment	8	99,131	142,404
Deferred tax asset	12	26,028	23,244
		<u>125,159</u>	<u>165,648</u>
<b>Current assets</b>			
Amounts due from related parties	9	1,361,223	2,897,184
Trade and other receivables	10	63,514	86,446
Cash and cash equivalents	11	2,334,159	1,498,613
		<u>3,758,896</u>	<u>4,482,243</u>
<b>Total assets</b>		<u>3,884,055</u>	<u>4,647,891</u>
<b>Current liabilities</b>			
Amounts due to related parties	13	(74,474)	(1,075,209)
Trade and other payables	14	(280,545)	(328,245)
Tax payable		(76,264)	(66,003)
		<u>(431,283)</u>	<u>(1,469,457)</u>
<b>Total liabilities</b>		<u>(431,283)</u>	<u>(1,469,457)</u>
<b>Net assets</b>		<u>3,452,772</u>	<u>3,178,434</u>
<b>Equity</b>			
Share capital	19	40,000	40,000
Share premium		17,145,100	17,145,100
Retained loss		(13,732,328)	(14,006,666)
<b>Total Equity</b>		<u>3,452,772</u>	<u>3,178,434</u>

The notes on pages 10 to 23 form an integral part of these financial statements.

These financial statements were approved by the board of directors on *6 June 2017* and were signed on its behalf by:

  
**Derek Howie**  
Director

**Statement of cash flows**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> £	<b>2015</b> £
<b>Cash flows from operating activities</b>			
Profit for the year		274,338	250,454
<i>Adjustments for:</i>			
Depreciation	8	46,723	49,322
Finance income	6	(2,057)	(1,668)
Taxation expense	7	78,855	70,354
		<hr/>	<hr/>
		397,859	368,462
Increase/(decrease) in trade and other receivables		1,558,895	(955,006)
(Decrease)/increase in trade and other payables		(1,048,437)	121,601
		<hr/>	<hr/>
		908,317	(464,943)
Taxation paid		(71,379)	(73,175)
		<hr/>	<hr/>
<b>Net cash inflow/(outflow) from operating activities</b>		<b>836,938</b>	<b>(538,118)</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Interest received		2,058	1,668
Acquisition of plant and equipment		(3,450)	(18,537)
		<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>		<b>(1,392)</b>	<b>(16,869)</b>
		<hr/>	<hr/>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>835,546</b>	<b>(554,987)</b>
Cash and cash equivalents at 1 January	11	1,498,613	2,053,600
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>	11	<b>2,334,159</b>	<b>1,498,613</b>
		<hr/>	<hr/>

The notes on pages 10 to 23 form an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Insight Travel Services Limited ("the company") is a company incorporated in the UK. The company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), and under historical cost accounting rules.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Use of estimates and judgements*

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The directors do not consider there to be any significant areas of estimation uncertainty in relation to these financial statement.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements relate to revenue recognition. The company recharges its cost to other Group companies. The directors have made judgements to determine how the costs are invoiced between the different Group companies.

#### *Revenue*

Revenue represents the income earned from the provision of administrative services. All revenue excludes value added tax.

#### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

##### *Trade and other receivables*

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

##### *Trade and other payables*

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

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### *Intra-group financial instruments*

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

**Notes (continued)**  
*(forming part of the financial statements)*

**1 Accounting policies (continued)**

**Employee benefits**

*Defined benefit plans*

The company participates in a group defined benefit pension scheme, which was closed to new members from 1 May 2004 and closed to further accrual from 1 May 2011. The assets of the scheme are held separately from those of the company in separate trustee administered funds. The pension scheme is a group plan and Insight Travel Services Limited is not the sponsoring entity. Consequently, the scheme is accounted for as a defined contribution scheme and obligations for contributions are recognised as an expense in the statement of comprehensive income as incurred.

*Defined contribution plans*

From 1 May 2004 the company participated in a group defined contribution scheme, open to all employees subject to scheme rules. The assets of the scheme are held separately from those of the company in separate trust administered funds. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

**Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Short leasehold property	10% on cost
Fixtures and fittings	10% - 25% on cost
Motor Vehicles	20% on cost

**Taxation**

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates in force for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

**Expenses**

*Operating lease payments*

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

**Notes (continued)**  
*(forming part of the financial statements)*

**1 Accounting policies (continued)**

***Finance income and expenses***

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, interest receivable on funds invested and dividend income that are recognised in the statement of comprehensive income.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established.

***Capital management***

The company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

The company has no external debt as at 31 December 2016 and is not subject to externally imposed capital requirements; management of capital therefore focuses around its ability to generate cash from its operations.

***New standards and interpretations not yet adopted***

The Company has adopted the following standards, amendments and interpretations during the year which have not had a significant impact on the Company's results;

Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS16 and IAS38

Annual Improvement to IFRSs – 2012-2014 Cycle

Disclosure Initiative – Amendments to IAS 1

A number of new standards, amendments and interpretations have been issued but are not yet effective and have not therefore been applied in preparing these financial statements:

- IFRS 15 Revenue from Contracts with Customers: this standard deals with revenue recognition and established principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard was endorsed on 22 September 2016 with an effective date of 1 January 2018. It is not expected to have a material impact on the Company.
- IFRS 9 Financial Instruments: this standard was endorsed on 22 November 2016 with an effective date of 1 January 2018. The revised standard replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new guidance for classification and measurement, impairment of financial instruments and hedge accounting. It is not expected to have a material impact on the Company.
- IFRS 16 Leases: issued in January 2016 with an effective date of 1 January 2019, is not yet EU endorsed. This standard eliminates the current IAS 17 dual accounting model which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases, and instead introduces a single on-balance sheet accounting model that is similar to current finance lease accounting. Management are currently in the process of assessing the potential impact of the adoption of this standard.

**2 Revenue**

The turnover and pre-tax result are wholly attributable to the company's main activity, being the provision of data processing, administration and other services to other group companies.

**Notes (continued)**  
*(forming part of the financial statements)*

**3 Expenses and auditor's remuneration**

*Included in profit are the following:*

	2016 £	2015 £
Depreciation	46,723	49,322
Operating leases – property rental and cars	109,708	107,927
	<u>          </u>	<u>          </u>

*Auditor's remuneration:*

	2016 £	2015 £
Audit of these financial statements	18,000	18,000
	<u>          </u>	<u>          </u>

**4 Staff numbers and costs**

The average number of persons employed by the company during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Administration	54	58
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries	1,420,505	1,456,270
Social security costs	133,475	134,734
Other pension costs	255,395	278,449
	<u>          </u>	<u>          </u>
	1,809,375	1,869,453
	<u>          </u>	<u>          </u>

**5 Remuneration of directors**

	2016 £	2015 £
Directors' emoluments	113,396	128,501
	<u>          </u>	<u>          </u>

**Number of directors**

Retirement benefits are accruing to the following number of directors under:

	2	2
Defined contribution schemes	2	2
Defined benefit schemes	1	1
	<u>          </u>	<u>          </u>

**Notes** (continued)  
(forming part of the financial statements)

**6 Finance income**

	2016 £	2015 £
Bank interest receivable	2,057	1,668

**7 Taxation**

**Recognised in the statement of comprehensive income**

	2016 £	2015 £
<i>Current tax expense</i>		
Current year	76,288	65,150
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences:		
Capital allowances	2,567	5,204
	2,567	5,204
Total tax in statement of comprehensive income	78,855	70,354

**Reconciliation of effective tax rate**

	2016 £	2015 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	353,193	320,808
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	70,639	64,964
<i>Effects of:</i>		
Non-deductible expenses	4,010	3,229
Depreciation on non-qualifying assets	4,182	3,079
Adjustments to prior year	24	(918)
Total tax in statement of comprehensive income	78,855	70,354

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.



**Notes (continued)**  
*(forming part of the financial statements)*

**8 Fixed assets**

	Short leasehold property £	Office equipment, fixtures & fittings £	Total £
<i>Cost</i>			
Balance at 1 January 2015	138,679	265,713	404,392
Acquisitions	12,795	5,741	18,536
Disposals	-	-	-
Balance at 31 December 2015	151,474	271,454	422,928
Balance at 1 January 2016	151,474	271,454	422,928
Acquisitions	2,400	1,050	3,450
Disposals	-	(99,603)	(99,603)
Transfers	12,970	(12,970)	-
Balance at 31 December 2016	166,844	159,931	326,775
<i>Depreciation</i>			
Balance at 1 January 2015	100,542	130,660	231,202
Depreciation charge for the year	15,041	34,281	49,322
Balance at 31 December 2015	115,583	164,941	280,524
Balance at 1 January 2016	115,583	164,941	280,524
Depreciation charge for the year	15,388	31,335	46,723
Disposals	-	(99,603)	(99,603)
Transfers	5,527	(5,527)	-
Balance at 31 December 2016	136,498	91,146	227,644
<i>Net book value</i>			
At 31 December 2015	35,891	106,513	142,404
At 31 December 2016	30,346	68,785	99,131

**Notes (continued)**  
*(forming part of the financial statements)*

**9 Amounts due from related parties**

	2016 £	2015 £
<i>Other Group Companies</i>		
Travcorp Management Services Limited	488,405	546,948
Travcorp UK Ltd	120,875	116,208
AAT Kings Tours (UK) Ltd	68,002	31,808
Insight International Tours Limited	11,855	11,855
Insight Travel Group Limited	277	277
Radical Travel Group Limited	149,383	181,733
Insight Vacations Ltd	-	40
Evan Evans Tours Limited	165,976	151,741
Tracoin Services Limited	222,184	216,758
Contiki Services Limited	133,501	138,681
TravCorp Financial Services Limited	-	1,501,135
Red Carnations Limited	765	-
	<u>1,361,223</u>	<u>2,897,184</u>

All amounts due from other members of The Travel Corporation Limited ("TTC") group, are unsecured, non-interest bearing, and payable on demand.

The company's exposure to credit risk and impairment losses related to amounts due from related parties is disclosed in note 16.

**10 Trade and other receivables**

	2016 £	2015 £
Other trade receivables and prepayments	43,983	60,359
VAT receivable	19,531	26,087
	<u>63,514</u>	<u>86,446</u>

**11 Cash and cash equivalents**

	2016 £	2015 £
Cash and cash equivalents	2,334,159	1,498,613

The company's exposure to interest and currency risks and a sensitivity analysis for financial assets and liabilities is disclosed in note 16.

**Notes (continued)**  
*(forming part of the financial statements)*

**12 Deferred tax assets**

*Recognised deferred tax asset*

The deferred tax asset account consists of the tax effect and timing differences in respect of excess of taxation allowances over depreciation on plant and equipment.

*The movement in the deferred taxation during the year:*

	2016 £	2015 £
At 1 January	23,244	28,448
Recognised in statement of comprehensive income	2,568	(5,204)
Adjustments to prior year	216	-
	<hr/>	<hr/>
At 31 December	26,028	23,244
	<hr/>	<hr/>

**13 Amount due to related parties**

Amounts owing to other members of the TTC group, which are unsecured, non-interest bearing, and payable on demand are:

	2016 £	2015 £
Insight Vacations Limited	6,922	-
Kelburn Property Limited	-	22,740
Brendan Vacations Ltd	302	266
TTC Travel Group Limited	65,366	1,052,085
Trafalgar Tours Limited	1,884	118
	<hr/>	<hr/>
	74,474	1,075,209
	<hr/>	<hr/>

The company's exposure to liquidity risk related to amounts due to related parties is disclosed in note 16.

**14 Trade and other payables**

	2016 £	2015 £
Trade payables	146,631	108,962
Other payables and accruals	29,441	40,289
PAYE and social security	-	60,313
Pension fund	104,473	118,674
Other	-	7
	<hr/>	<hr/>
	280,545	328,245
	<hr/>	<hr/>

The company's exposure to liquidity risk related to trade and other payables is disclosed in note 16.

**Notes (continued)**  
*(forming part of the financial statements)*

**15 Pension scheme**

**Pension plans**

The company contributes to a group pension scheme open to all employees, subject to scheme rules. The scheme comprises a group plan defined benefit scheme, which was closed to new members from 1 May 2004 and closed to further accrual from 1 May 2011, and a group plan defined contribution scheme, which was opened on 1 May 2004.

The assets of the scheme are held in separate trustee administered funds. The defined benefit group plan is accounted for as a defined contribution scheme as there is no contractual agreement allocating the cost of the scheme.

During the year ended 31 December 2016 was £113,012 charged against profits in respect of the defined benefit scheme (2015: £113,012) and £158,809 was charged against profits in respect of the defined contribution scheme (2015: £153,364).

Plan assets consist of the following:

	2016 £000	2015 £000
Present value of funded defined benefit obligations	44,327	34,802
Fair value of plan assets	(25,295)	(21,420)
Net liability	<u>19,032</u>	<u>13,382</u>

*Movement in the present value of the defined benefit obligation:*

	2016 £000	2015 £000
Liability for defined benefit obligations at 1 January	34,802	36,797
Interest cost	1,279	1,233
Benefits paid by the plan	(489)	(1,082)
Actuarial losses/(gains) recognised in equity	8,735	(2,146)
Liability for defined benefit obligations at 31 December	<u>44,327</u>	<u>34,802</u>

**Notes** (continued)  
(forming part of the financial statements)

**15 Pension scheme** (continued)

*Movement in fair value of plan assets:*

	2016 £000	2015 £000
Fair value of plan assets at 1 January	21,402	21,248
Interest income	799	718
Employer contributions	820	810
Benefits paid by the plan	(489)	(1,082)
Actuarial gains/(losses) recognised in equity	2,745	(274)
	<hr/>	<hr/>
Fair value of plan assets at 31 December	25,295	21,420
	<hr/>	<hr/>

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

*Expense recognised in statement of comprehensive income*

	2016 £000	2015 £000
Interest cost	480	515
	<hr/>	<hr/>
	480	515
	<hr/>	<hr/>

*Plan assets consist of the following:*

	2016 £000	2015 £000
Equity securities	10,970	15,345
Bonds	10,331	4,053
Property	3,438	1,325
Cash	556	697
	<hr/>	<hr/>
	25,295	21,420
	<hr/>	<hr/>

	2016 £000	2015 £000
Interest credit (on plan assets)	799	718
Actual return on plan assets	3,544	443
	<hr/>	<hr/>

**Notes (continued)**  
(forming part of the financial statements)

**15 Pension scheme (continued)**

*Actuarial assumptions:*

Principal actuarial assumptions at the reporting date (expressed as weighted averages) were as follows:

	2016 %	2015 %
Discount rate	2.6	3.7
Future salary increases	3.3	3.2
Future pension increases on benefits accrued from 1997 to 2008	3.8	3.8
Future pension increases on benefits accrued post 2008	3.3	3.2
Rate of increase on deferred pensions	2.3	2.2
Retail Price Inflation - pre-retirement	3.3	3.2
Retail Price Inflation - post-retirement	3.6	3.5
Consumer Price Inflation - pre-retirement	2.3	2.2

The history of the plans for the current and prior periods is as follows:

	2016 £000	2015 £000	2013 £000	2012 £000	2011 £000
Present value of the defined benefit obligation	(44,327)	(34,802)	(36,797)	(30,474)	(29,745)
Fair value of plan assets	25,295	21,420	21,248	20,100	17,243
Deficit in the plan	(19,032)	(13,382)	(15,549)	(10,374)	(12,502)
Experience adjustments on plan liabilities	0.4%	1.0%	(0.3%)	(0.3%)	(1.9%)
Experience adjustments on plan assets	10.9%	(1.3%)	0.4%	8.6%	6.1%

**16 Financial risk management objectives and policies**

The company holds or issues financial instruments in order to achieve three main objectives, as follows:

- to finance its operations;
- to manage its exposure to interest risk from its operations and from its sources of finance; and
- for trading purposes.

In additions, various financial instruments (e.g. trade receivables, trade payables, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

**Credit risk**

The company has no external credit risk at the year end. The intercompany balances are not considered to represent a significant credit risk by the directors.

**Notes (continued)**  
*(forming part of the financial statements)*

**16 Financial risk management objectives and policies (continued)**

Amounts shown in the statement of financial position best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments. The maximum exposure at the reporting date was:

	2016 £	2015 £
Amounts due from related parties	1,361,223	2,897,184
Cash and cash equivalents	2,334,159	1,498,614
	<hr/>	<hr/>
	3,695,382	4,395,798
	<hr/>	<hr/>

**Liquidity risk**

The company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. There are no long term borrowings.

Trade and other payables £280,545 (2015: £328,245) and amounts due to related parties £74,474 (2015: £1,075,209) are payable within six months of the year end.

**Interest rate risk**

The company invests its cash in a range of cash deposit accounts with UK Banks. Interest earned therefore closely follows movements in Bank of England base rates. A movement of 1% in this rate would result in a difference in annual pre-tax profit of £23,342 based on company cash, cash equivalents and financial instruments at 31 December 2016.

**Foreign exchange risk**

The company is not exposed to any foreign exchange risks.

**Fair value**

The directors are of the opinion that the carrying value of financial instruments approximates fair value.

Trade and other receivables are valued at amortised cost. Impairment losses are estimated at year end by reviewing amounts outstanding and assessing the likelihood of recoverability.

**17 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	2016 £	2015 £
Less than one year	109,086	107,927
Between two and five years	37,498	240,375
More than five years	-	-
	<hr/>	<hr/>
	146,584	348,302
	<hr/>	<hr/>

The company has entered into two short term leases in respect of properties it occupies. One of these leases is held with group undertakings for a ten year period with a rent review held after 5 years and is due to be reviewed on 1 January 2016.

During the year was £101,073 recognised as an expense in the statement of comprehensive income in respect of operating leases for land and buildings (2015: £98,648).

**Notes (continued)**  
*(forming part of the financial statements)*

**18 Related party transactions**

During the year the company received services from other members of the group as follows:

	2016 £	2015 £
<i>Rent:</i>		
No Limits Limited	25,063	24,931
Kelburn Properties Limited	76,011	73,717
	<u>101,074</u>	<u>98,648</u>

During the year the company provided services to other members of the group as follows:

	2016 £	2015 £
<i>Revenue:</i>		
Radical Travel Group Limited	40,612	30,600
Travcorp Management Services Limited	142,600	144,085
Travcorp UK Limited	48,900	47,600
Tracoin Services Limited	38,600	37,360
Contiki Services Limited	2,500	2,500
Evan Evans Tours Limited	2,500	2,500
AAT Kings Tours (UK) Limited	61,700	65,876
TTC Travel Group Ltd	2,723,233	2,698,065
	<u>3,060,645</u>	<u>3,028,586</u>

**19 Share capital**

Share capital	Ordinary shares 2016	2015
On issue at 1 January	40,000	40,000
On issue at 31 December – fully paid	<u>40,000</u>	<u>40,000</u>
	2016 £	2015 £
<i>Authorised, allotted, called up and fully paid</i> 40,000 Ordinary shares of £1 each	40,000	40,000
Shares classified in shareholder's funds	<u>40,000</u>	<u>40,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.



**Notes** *(continued)*  
*(forming part of the financial statements)*

**20 Ultimate Parent Company**

The company's ultimate parent undertaking is The Travel Corporation Limited, a company incorporated in the British Virgin Islands.

The largest group in which the results of the company are consolidated is that headed by The Travel Corporation Limited. The financial statements of this company are not available to the public. The smallest group in which they are consolidated is that headed by Insight Group Limited, a company registered in England and Wales. Copies of the consolidated financial statements of Insight Group Limited are available to the public from the Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ.