

**Insight Travel Services Limited**

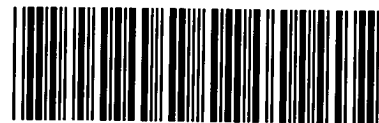
**Directors' report and financial  
statements**

**Registered number 1970858**

**For the year ended 31 December 2014**

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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 2014.

### Principal activities

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 £141,336 (2013: £126,809).

A dividend of £nil was paid during the year (2013: £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 Director's believe that acceptable levels of operating profitability will be delivered in 2014.

By order of the board



**DID Howie**  
Director

14 Grosvenor Place  
London  
SW1X 7HH

7 May 2015

## **Directors' report**

The directors present their directors' report and financial statements for the year ended 31 December 2014.

### **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:

DID Howie

A 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

**DID Howie**  
*Secretary*

14 Grosvenor Place  
London  
SW1X 7HH

7 May 2015

## **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

Edward VII Quay  
Navigation Way  
Ashton on Ribble  
PRESTON  
PR2 2YF  
United Kingdom

### **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 2014 set out on pages 5 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 2014 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 for which the financial statements are prepared is consistent with the financial statement

## **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.



**Stephen Dunn (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Edward VII Quay  
Navigation Way  
Ashton-on-Ribble  
Preston  
PR2 2YF

7 May 2015

**Statement of comprehensive income**  
*for the year ended 31 December 2014*

	<i>Note</i>	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
<b>Revenue</b>	<b>2</b>	<b>2,940,544</b>	<b>2,741,200</b>
Cost of sales		(2,752,095)	(2,570,964)
<b>Operating profit</b>	<b>3,4</b>	<b>188,449</b>	<b>170,236</b>
Finance income	<b>6</b>	<b>2,087</b>	<b>3,453</b>
<b>Profit before tax</b>		<b>190,536</b>	<b>173,689</b>
Taxation	<b>7</b>	(49,200)	(46,880)
<b>Profit for the year</b>		<b>141,336</b>	<b>126,809</b>
<b>Total comprehensive income for the year</b>		<b>141,336</b>	<b>126,809</b>

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 2014*

	Share premium £	Share capital £	Retained Earnings £	Total £
<b>At 1 January 2013</b>	17,145,100	40,000	(14,525,261)	2,659,839
Total comprehensive income for the year	-	-	126,806	126,806
<b>At 31 December 2013</b>	17,145,100	40,000	(14,398,455)	2,786,645
Total comprehensive income for the year	-	-	141,336	141,336
<b>At 31 December 2014</b>	<u>17,145,100</u>	<u>40,000</u>	<u>(14,257,120)</u>	<u>2,927,981</u>

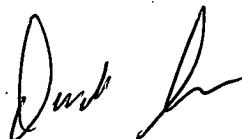
The notes on pages 10 to 23 form an integral part of these financial statements.

**Statement of financial position**  
 at 31 December 2014

	Note	2014 £	2013 £
<b>Non-current assets</b>			
Plant and equipment	8	173,190	171,898
Deferred tax asset	12	28,448	3,622
		<u>201,638</u>	<u>175,520</u>
<b>Current assets</b>			
Amounts due from related parties	9	1,956,132	648,230
Trade and other receivables	10	72,491	65,967
Cash and cash equivalents	11	2,053,600	2,778,862
		<u>4,082,223</u>	<u>3,493,059</u>
<b>Total assets</b>		<u>4,283,861</u>	<u>3,668,579</u>
<b>Current liabilities</b>			
Amounts due to related parties	13	(1,012,833)	(674,990)
Trade and other payables	14	(269,020)	(161,857)
Tax payable		(74,028)	(45,084)
		<u>(1,355,881)</u>	<u>(881,931)</u>
<b>Total liabilities</b>		<u>(1,355,881)</u>	<u>(881,931)</u>
<b>Net assets</b>		<u>2,927,980</u>	<u>2,786,648</u>
<b>Equity</b>			
Share capital	19	40,000	40,000
Share premium		17,145,100	17,145,100
Retained loss		(14,257,120)	(14,398,452)
<b>Total Equity</b>		<u>2,927,980</u>	<u>2,786,648</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 7 May 2015 and were signed on its behalf by:



**DID Howie**  
 Director

**Statement of cash flows**  
*for the year ended 31 December 2014*

	<i>Note</i>	<b>2014</b> £	<b>2013</b> £
<b>Cash flows from operating activities</b>			
Profit for the year		<b>141,336</b>	126,809
<i>Adjustments for:</i>			
Depreciation	8	<b>48,270</b>	40,155
Finance income	6	<b>(2,087)</b>	(3,453)
Taxation expense	7	<b>49,200</b>	46,880
Loss on sale of PPE		<b>5,617</b>	-
		<b>242,336</b>	210,391
 (Increase)/decrease in trade and other receivables		<b>(1,314,427)</b>	289,342
Increase in trade and other payables		<b>445,006</b>	355,089
		<b>(672,085)</b>	854,822
 Taxation paid		<b>(45,084)</b>	(101,254)
 <b>Net cash (outflow)/inflow from operating activities</b>		<b>(672,169)</b>	753,568
 <b>Cash flows from investment activities</b>			
Interest received		<b>2,087</b>	3,453
Acquisition of plant and equipment		<b>(57,644)</b>	(13,220)
Proceeds from sale of plant and equipment		<b>2,464</b>	-
 <b>Net cash outflow from investing activities</b>		<b>(53,093)</b>	(9,767)
 Net (decrease)/increase in cash and cash equivalents		<b>(725,262)</b>	743,801
Cash and cash equivalents at 1 January	11	<b>2,778,862</b>	2,035,061
 <b>Cash and cash equivalents at 31 December</b>	11	<b>2,053,600</b>	2,778,862

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)

### 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)

### 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 2014 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*

A number of new standards, amendments to standards and interpretations have been issued during the year ended 31 December 2014 but are not yet effective, and therefore have not yet been applied in preparing these financial statements:

IFRS 9 Financial Instruments: IFRS 9 (2014) was issued in July 2014 and has an IASB effective date of 1 January 2018, with early adoption permitted. Despite this, the IASB is still working on developing a new model for macro hedge accounting and issued a discussion paper in April 2014, with comments required by October 2014. IFRS 9 (2014) has not yet been endorsed by the EU, but endorsement might be expected in late 2015 or early 2016.

IAS 19 'Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)' was issued on 21 November 2013 and is effective for annual periods beginning on or after 1 July 2014. The pronouncement amends IAS 19 Employee Benefits (2011) to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

### 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)

### 3 Expenses and auditor's remuneration

*Included in profit are the following:*

	2014 £	2013 £
Depreciation	48,270	40,155
Operating leases – property rental and cars	96,500	93,566
	<u>          </u>	<u>          </u>

*Auditor's remuneration:*

	2014 £	2013 £
Audit of these financial statements	17,280	19,970
	<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 2014	2013
Administration	60	60
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2014 £	2013 £
Wages and salaries	1,515,027	1,442,874
Social security costs	140,228	135,235
Other pension costs	280,011	261,192
	<u>          </u>	<u>          </u>
	1,935,266	1,839,301
	<u>          </u>	<u>          </u>

### 5 Remuneration of directors

	2014 £	2013 £
Directors' emoluments	137,775	116,259
	<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	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Finance income

	2014 £	2013 £
Bank interest receivable	2,087	3,453

### 7 Taxation

#### Recognised in the statement of comprehensive income

	2014 £	2013 £
<i>Current tax expense</i>		
Current year	74,028	45,084
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences:		
Capital allowances	(24,828)	1,796
	(24,828)	1,796
Total tax in statement of comprehensive income	49,200	46,880

#### Reconciliation of effective tax rate

	2014 £	2013 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	190,536	173,689
Tax using the UK corporation tax rate of 21.5 % (2013: 23.25%)	40,965	40,382
<i>Effects of:</i>		
Non-deductible expenses	1,863	2,279
Depreciation on non qualifying assets	6,372	3,224
Adjustments to prior year	-	995
Total tax in statement of comprehensive income	49,200	46,880

The 2013 Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% with effect from 1 April 2015. This was substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.



## Notes (continued)

### 8 Fixed assets

	Short leasehold property £	Office equipment, fixtures & fittings £	Total £
<b>Cost</b>			
Balance at 1 January 2013	138,679	212,761	351,440
Acquisitions	-	13,220	13,220
Disposals	-	-	-
Balance at 31 December 2013	<u>138,679</u>	<u>225,981</u>	<u>364,660</u>
Balance at 1 January 2014	138,679	225,981	364,660
Acquisitions	-	57,873	57,873
Disposals	-	(18,141)	(18,141)
Balance at 31 December 2014	<u>138,679</u>	<u>265,713</u>	<u>404,392</u>
<b>Depreciation</b>			
Balance at 1 January 2013	72,805	79,802	152,607
Depreciation charge for the year	13,868	26,287	40,155
Disposals	-	-	-
Balance at 31 December 2013	<u>86,673</u>	<u>106,089</u>	<u>192,762</u>
Balance at 1 January 2014	86,673	106,089	192,762
Depreciation charge for the year	13,869	24,401	48,270
Disposals	-	(10,060)	(10,060)
Balance at 31 December 2014	<u>100,542</u>	<u>130,660</u>	<u>231,202</u>
<b>Net book value</b>			
At 31 December 2012 and 1 January 2013	<u>65,874</u>	<u>132,959</u>	<u>198,833</u>
At 31 December 2013	<u>52,006</u>	<u>119,892</u>	<u>171,898</u>
At 31 December 2014	<u>38,137</u>	<u>135,053</u>	<u>173,190</u>

## Notes (continued)

### 9 Amounts due from related parties

	2014 £	2013 £
<i>Other Group Companies</i>		
Travcorp Management Services Limited	77,436	25,696
AAT Kings Tours (UK) Limited	-	58,585
Insight International Tours Limited	11,855	11,855
Insight Travel Group Limited	-	717
Radical Travel Group Limited	11,044	96,439
Travcorp (UK) Limited	-	13,840
Evan Evans Tours Limited	9,707	137,087
Tracoin Services Limited	205,320	186,726
Contiki Services Limited	138,600	116,713
Travel Corporation Asia Limited	696	232
Travcorp SA	340	340
TravCorp Financial Services Limited	1,501,134	-
	<u>1,957,132</u>	<u>648,230</u>

The balance owed from Travcorp Financial Services Limited on 23 October 2014. Is a loan which bears interest at 0.4% and is unsecured. All other 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

	2014 £	2013 £
Other trade receivables and prepayments	61,576	46,169
VAT receivable	10,915	19,798
	<u>72,491</u>	<u>65,967</u>

### 11 Cash and cash equivalents

	2014 £	2013 £
Cash and cash equivalents	2,053,600	2,778,862

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)

### 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:*

	2014 £	2013 £
At 1 January	4,211	5,418
Recognised in statement of comprehensive income	24,237	(1,796)
	<hr/>	<hr/>
At 31 December	28,448	3,622
	<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:

	2014 £	2013 £
Insight Vacations Limited (Guernsey)	10,517	1,345
Kelburn Properties Limited	21,000	21,000
AAT Kings Tours (UK) Limited	150,410	-
Grand European Operations Limited	-	84
TTC Travel Group Limited	825,150	650,250
Trafalgar Tours Limited	960	2,311
Travcorp UK Limited	4,796	-
	<hr/>	<hr/>
	1,012,833	674,990
	<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

	2014 £	2013 £
Trade payables	38,574	64,708
Other payables and accruals	34,989	33,523
PAYE and social security	71,720	63,619
Pension fund	123,499	-
Other	238	7
	<hr/>	<hr/>
	269,020	161,857
	<hr/>	<hr/>

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

## Notes (continued)

### 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 2014 £139,004 was charged against profits in respect of the defined benefit scheme (2013: £139,004) and £141,007 was charged against profits in respect of the defined contribution scheme (2013: £91,187).

Plan assets consist of the following:

	2014 £000	2013 £000
Present value of funded defined benefit obligations	36,797	30,474
Fair value of plan assets	(21,248)	(20,100)
Net liability	15,549	10,374

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

	2014 £000	2013 £000
Liability for defined benefit obligations at 1 January	30,474	29,745
Interest cost	1,327	1,213
Current service cost	-	-
Benefits paid by the plan	(612)	(321)
Members contributions	-	-
Curtailment	-	-
Actuarial losses/(gains) recognised in equity	5,608	(163)
Liability for defined benefit obligations at 31 December	36,787	30,474

## Notes (continued)

### 15 Pension scheme (continued)

#### Movement in fair value of plan assets:

	2014 £000	2013 £000
Fair value of plan assets at 1 January	20,100	17,243
Interest cost	888	716
Employer contributions	778	732
Benefits paid by the plan	(613)	(321)
Actuarial gains recognised in equity	95	1,730
	<hr/>	<hr/>
Fair value of plan assets at 31 December	21,248	20,100
	<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

	2014 £000	2013 £000
Current service costs	439	453
	<hr/>	<hr/>
	439	453
	<hr/>	<hr/>

#### Plan assets consist of the following:

	2014 £000	2013 £000
Equity securities	15,806	15,126
Bonds	3,245	3,076
Property	564	372
Cash	1,633	1,526
	<hr/>	<hr/>
	21,248	20,100
	<hr/>	<hr/>
	2014 £000	2013 £000
	<hr/>	<hr/>
Actual return on plan assets	983	2,445
	<hr/>	<hr/>

## Notes (continued)

### 15 Pension scheme (continued)

#### Actuarial assumptions:

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

	2014 %	2013 %
Discount rate	3.4	4.40
Future salary increases	3.1	3.50
Future pension increases on benefits accrued from 1997 to 2008	3.8	3.90
Future pension increases on benefits accrued post 2008	3.1	3.40
Rate of increase on deferred pensions	2.1	2.50
Retail Price Inflation - pre-retirement	3.1	3.50
Retail Price Inflation - post-retirement	3.4	3.70
Consumer Price Inflation - pre-retirement	2.1	2.50

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

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Present value of the defined benefit obligation	936,797	(30,474)	(29,745)	(24,976)	(21,169)
Fair value of plan assets	21,248	20,100	17,243	14,989	15,382
Deficit in the plan	(15,549)	(10,374)	(12,502)	(9,987)	(5,787)
Experience adjustments on plan liabilities	(0.3%)	(0.3%)	(1.9)%	(2.8)%	2.1%
Experience adjustments on plan assets	0.4%	8.6%	6.1%	(12.7)%	5.2%

### 16 Financial risk management objectives and policies

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

- a) to finance its operations;
- b) to manage its exposure to interest risk from its operations and from its sources of finance; and
- c) 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)

### 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:

	2014 £	2013 £
Amounts due from related parties	1,956,132	648,230
Cash and cash equivalents	2,053,600	2,778,862
	<u>4,009,732</u>	<u>3,427,092</u>

#### 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 £269,020 (2013: £161,857) and amounts due to related parties £1,012,833 (2013: £674,990) 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 £27,789 based on company cash, cash equivalents and financial instruments at 31 December 2014.

#### 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:

	2014 £	2013 £
Less than one year	92,019	93,437
Between two and five years	341,867	348,886
More than five years	70,000	85,000
	<u>503,886</u>	<u>527,323</u>

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 2015.

During the year £88,108 was recognised as an expense in the statement of comprehensive income in respect of operating leases for land and buildings (2013: £84,977).

## Notes (continued)

### 18 Related party transactions

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

	2014 £	2013 £
<i>Administrative expenses:</i>		
No Limits Limited	18,108	14,993
Kelburn Properties Limited	70,000	69,985
	<u>88,108</u>	<u>84,978</u>

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

	2014 £	2013 £
<i>Revenue:</i>		
Radical Travel Group Limited	13,900	6,000
Travcorp Management Services Limited	185,200	146,600
Travcorp UK Limited	42,300	59,200
Tracoin Services Limited	25,900	29,800
Contiki Services Limited	2,500	2,500
Evan Evans Tours Limited	2,500	2,500
AAT Kings Tours (UK) Limited	82,000	57,600
TTC Travel Group Ltd	2,585,100	2,437,000
TravCorp Financial Services Limited	1,144	-
	<u>2,940,544</u>	<u>2,741,200</u>

### 19 Share capital

#### Share capital

	Ordinary shares 2014	2013
On issue at 1 January	40,000	40,000
On issue at 31 December – fully paid	<u>40,000</u>	<u>40,000</u>
	2014 £	2013 £
<i>Authorised, allotted, called up and fully paid</i>		
40,000 Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>
Shares classified in shareholders 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)

### 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.