

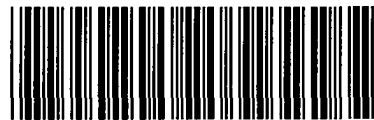
HPB Travel Club Limited

Report and Financial Statements

Year Ended

31 December 2014

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HPB TRAVEL CLUB LIMITED

Annual report and financial statements for the year ended 31 December 2014

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Directors

GD Baber (Chairman)
NP Beamish
JC Boyce
RG Boyce
DGW Montgomery

Secretary and registered office

GD Baber, HPB House, 24-28 Old Station Road, Newmarket, Suffolk, CB8 8EH

Company number

1992328

Auditor

Baker Tilly UK Audit LLP
Abbotsgate House, Hollow Road, Bury St Edmunds, Suffolk, IP32 7FA

HPB TRAVEL CLUB LIMITED

Report of the directors for the year ended 31 December 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

Principal activities

The company's principal activity during the year continued to be the provision of travel services.

Directors

The directors of the company during the year were:

GD Baber
NP Beamish
JC Boyce
RG Boyce

In addition, DGW Montgomery was appointed as a director of the company on 1 February 2015.

Directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

Directors' indemnity insurance

Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

Auditor

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

HPB TRAVEL CLUB LIMITED

Report of the directors for the year ended 31 December 2014

Statement as to Disclosure of Information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This report has been prepared in accordance with the provisions applicable to companies entitled to small companies exemption.

On behalf of the Board



GD Baber
Chairman

16 April 2015

HPB TRAVEL CLUB LIMITED

Independent auditor's report to the member of HPB Travel Club Limited

We have audited the financial statements on pages 4 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 1 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 (APB's) Ethical Standards for Auditors.

Scope of the audit

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.

Opinion on the 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Baker Tilly UK Audit LLP

CLAIRE SUTHERLAND (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Abbotsgate House

Hollow Road

Bury St Edmunds

Suffolk

IP32 7FA

16 April 2015

HPB TRAVEL CLUB LIMITED

Profit and loss account for the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	2	1,745,633	1,686,396
Cost of sales		(624,147)	(597,639)
Gross profit	2	1,121,486	1,088,757
Administrative expenses		(734,453)	(769,652)
Other operating income		398	89
Operating profit	5	387,431	319,194
Interest receivable	6	5,413	12,440
Interest payable	7	-	(17)
Profit on ordinary activities before taxation		392,844	331,617
Taxation on profit on ordinary activities	8	(84,697)	(76,319)
Profit on ordinary activities after taxation	15,16	308,147	255,298

All amounts relate to continuing activities.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

The notes on pages 6 to 14 form part of these financial statements.

HPB TRAVEL CLUB LIMITED**Balance sheet at 31 December 2014****Company number 1992328**

	Note	2014	2013
		£	£
Fixed assets			
Tangible assets	10	32,604	33,383
Current assets			
Debtors	11	1,227,333	1,065,863
Cash at bank and in hand		1,302,294	1,579,305
		<u>2,529,627</u>	<u>2,645,168</u>
Creditors: amounts falling due within one year	12	<u>(2,091,296)</u>	<u>(2,272,580)</u>
Net current assets		<u>438,331</u>	<u>372,588</u>
Total assets less current liabilities		<u>470,935</u>	<u>405,971</u>
Provision for liabilities			
Deferred taxation	13	(2,579)	(3,542)
Net assets		<u>468,356</u>	<u>402,429</u>
Capital and reserves			
Called up share capital	14	50,000	50,000
Profit and loss account	15	418,356	352,429
Shareholder's funds	16	<u>468,356</u>	<u>402,429</u>

The financial statements on pages 4 to 14 were approved by the Board and authorised for issue on 16 April 2015 and are signed on its behalf by:



GD Baber
Chairman

The notes on pages 6 to 14 form part of these financial statements.

HPB TRAVEL CLUB LIMITED

Notes forming part of the financial statements for the year ended 31 December 2014

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable United Kingdom accounting standards. The following principal accounting policies have been applied:

Going concern

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.

Turnover

Turnover represents amounts receivable for travel services, net of trade discounts and VAT. Where the company acts as principal, turnover includes the value of all travel services together with any commissions receivable. Where the company acts as agent, turnover includes only the commission element of the travel arrangements.

Revenue recognition and associated costs

Revenue relating to package themes and tours, and the associated direct costs, are recognised when the holiday is taken. Where the company acts as agent only, revenue is recognised when earned, which is on confirmation of booking. Other revenue and associated expenses are taken to the profit and loss account as earned or incurred.

Travel debtors and creditors

Travel debtors include the amounts receivable from customers for the gross value of the related travel service. Travel creditors include the gross amounts payable to tour operators.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Office equipment	-	10 years
Computer equipment	-	4 years

HPB TRAVEL CLUB LIMITED

Notes forming part of the financial statements for the year ended 31 December 2014

1 Accounting policies (*continued*)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxation profits and its results as stated in the financial statements.

The recognition of deferred tax assets is limited to the extent the company anticipates to make sufficient profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Operating leases

Annual rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions are made into the individual pension plans of certain employees. The contributions are charged to the profit and loss account in the year in which they become payable.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 not to prepare a cash flow statement on the grounds that the company is a wholly owned subsidiary of HPB Travel Club Holdings Plc and is included in the group's consolidated financial statements.

Financial instruments

Transactions and monetary assets and liabilities which are covered by forward exchange rate contracts are converted at the contract rate.

2 Turnover

Turnover is wholly attributable to the one principal activity of the company and arises solely within the United Kingdom.

As stated previously, where the company acts as agent, turnover includes only the commission element of the travel arrangements. The gross turnover and cost of sales for the year were as follows:

	2014 £	2013 £
Gross turnover	11,089,900	11,225,359
Gross cost of sales	(9,968,414)	(10,136,602)
Gross profit	<u>1,121,486</u>	<u>1,088,757</u>

HPB TRAVEL CLUB LIMITED

Notes forming part of the financial statements for the year ended 31 December 2014 (Continued)

3 Employees

	2014	2013
	£	£
Staff costs consist of:		
Wages and salaries	427,266	436,381
Social security costs	34,455	35,697
Pension costs	10,603	7,730
	<u>472,324</u>	<u>479,808</u>

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

	2014	2013
	Number	Number
Administration and sales	24	24
Directors	4	4
	<u>28</u>	<u>28</u>

4 Directors

No directors received any emoluments or accrued any benefits under an individual personal pension plan, to which the group contributed, during this or the previous year.

5 Operating profit

	2014	2013
	£	£
This has been arrived at after charging:		
Depreciation	7,219	9,404
Auditor's remuneration:		
- audit services – statutory audit	6,000	5,800
- taxation and other	5,350	13,632
Operating lease - rent of premises	<u>52,000</u>	<u>52,000</u>

6 Interest receivable

	2014	2013
	£	£
Bank interest	5,413	12,304
Corporation tax interest	-	136
	<u>5,413</u>	<u>12,440</u>

HPB TRAVEL CLUB LIMITED

Notes forming part of the financial statements for the year ended 31 December 2014 (Continued)

7 Interest payable

	2014 £	2013 £
Bank interest	-	17

8 Taxation

	2014 £	2013 £
<i>Current taxation</i>		
UK corporation tax on the profit for the year	85,660	71,389
Adjustment in respect of the previous year	-	(196)
	<u>85,660</u>	<u>71,193</u>
<i>Deferred taxation</i>		
Origination and reversal of timing difference	(963)	5,089
Adjustment in respect of the previous year	-	37
	<u>(963)</u>	<u>5,126</u>
Total deferred tax		
	<u>(963)</u>	<u>5,126</u>
Taxation on profit on ordinary activities	<u>84,697</u>	<u>76,319</u>

The tax assessed for the year is different to that calculated at the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>392,844</u>	<u>331,617</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.49% (2013 – 23.25%)	84,435	77,100
Effects of:		
Expenses not deductible for tax purposes	190	-
Difference between depreciation and capital allowances	804	(5,704)
Capital and other adjustments	-	(31)
Other short term timing differences	231	24
Adjustment in respect of the previous year	-	(196)
	<u>85,660</u>	<u>71,193</u>
Current tax charge for the year		

9 Dividend

	2014 £	2013 £
Interim ordinary dividend at 484.44p per share (2013 – 454.62p)	<u>242,220</u>	<u>227,310</u>

HPB TRAVEL CLUB LIMITED

Notes forming part of the financial statements for the year ended 31 December 2014 (*Continued*)

10 Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
<i>Cost</i>			
At 1 January 2014	109,223	193,601	302,824
Additions	-	6,440	6,440
At 31 December 2014	109,223	200,041	309,264
<i>Depreciation</i>			
At 1 January 2014	109,223	160,218	269,441
Provided for the year	-	7,219	7,219
At 31 December 2014	109,223	167,437	276,660
<i>Net book value</i>			
At 31 December 2014	-	32,604	32,604
At 31 December 2013	-	33,383	33,383

11 Debtors

	2014 £	2013 £
Trade debtors	1,088,566	999,950
Amounts owed from group undertakings (note 19)	42,516	1,584
Corporation tax recoverable	20,324	-
Other debtors	750	1,613
Prepayments and accrued income	75,177	62,716
	1,227,333	1,065,863

12 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	1,446,958	1,328,113
Amounts owed to group undertakings (note 19)	396,937	637,495
Amount owed to related party (note 19)	-	5,200
Corporation tax	-	64,551
Other taxation and social security	26,452	29,520
Accruals and deferred income	220,949	207,701
	2,091,296	2,272,580

HPB TRAVEL CLUB LIMITED

Notes forming part of the financial statements for the year ended 31 December 2014 (Continued)

13 Deferred taxation

	Deferred taxation	
	2014	2013
	£	£
At 1 January 2014	3,542	(1,584)
Transfer (from)/to profit and loss account	(963)	5,126
At 31 December 2014	2,579	3,542
The balance comprises:		
Fixed asset timing differences	2,937	3,686
Short term timing differences	(358)	(144)
	2,579	3,542

14 Share capital

	Authorised		Allotted, called up and fully paid	
	2014	2013	2014	2013
	£	£	£	£
Ordinary shares of £1 each	100,000	100,000	50,000	50,000

15 Profit and loss account

	2014	2013
	£	£
At 1 January 2014	352,429	324,441
Profit for the year	308,147	255,298
Dividends	(242,220)	(227,310)
At 31 December 2014	418,356	352,429

16 Reconciliation of movements in shareholder's funds

	2014	2013
	£	£
Opening shareholder's funds	402,429	374,441
Profit for the year	308,147	255,298
Dividends	(242,220)	(227,310)
Closing shareholder's funds	468,356	402,429

HPB TRAVEL CLUB LIMITED

Notes forming part of the financial statements for the year ended 31 December 2014 (Continued)

17 Commitments under operating leases

As at 31 December 2014, the company had annual commitments under non-cancellable operating leases for land and buildings as set out below:

	2014 £	2013 £
Operating leases which expire in over 5 years	<u>52,000</u>	<u>52,000</u>

18 Pensions

The company makes payments into individual personal pension plans on behalf of certain employees. The assets of these pension plans are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds. The charge for the year was £10,603 (2013 - £7,730). No contributions were outstanding at the year end (2013 - £Nil).

19 Related party transactions and controlling interest

(1) Related party balances

The following balances were due in respect of related parties at the year end:

	2014 £	2013 £
Debtor balances (note 11)		
<i>Amounts owed by group companies:</i>		
- HPB Management Limited	30,710	-
- HPB Assurance Limited	9,886	-
- Conker Interiors Limited	1,920	1,584
	<u>42,516</u>	<u>1,584</u>
Creditor balances (note 12)		
<i>Amounts owed to group undertakings:</i>		
- Newmarketing Campaign Limited	654	1,914
- HPB Management Limited	-	8,233
- HPB Assurance Limited	-	8,998
- HPB Finance Limited	6,104	6,104
- HPB Travel Club Holdings Plc	315,895	593,538
- Stately Holiday Cottages Limited	2,247	2,247
- Signature Holidays Limited	-	16,461
- Lantern & Larks Limited	72,037	-
	<u>396,937</u>	<u>637,495</u>
<i>Amount owed to related party:</i>		
- B & B Advertising Limited	-	5,200

The above balances were unsecured, interest free and repayable on demand.

HPB TRAVEL CLUB LIMITED

Notes forming part of the financial statements for the year ended 31 December 2014 *(Continued)*

19 Related party transactions and controlling interest *(continued)*

(2) Related party transactions

During the year:

- rent of £52,000 (2013 - £52,000) was paid to B & B Advertising Limited.
- travel services of £65,534 (2013 - £89,087) were provided to HPB Management Limited.
- printing costs of £Nil (2013 - £9,470) were paid to Newmarketing Campaign Limited.
- purchases of £30,257 (2013 - £39,005) from HPB Management Limited.
- joint costs of £56,941 (2013 - £61,109) were recharged to HPB Management Limited.
- joint costs of £47,841 (2013 - £49,127) were recharged from HPB Management Limited.
- charge of £6,540 (2013 - £7,800) from Newmarketing Campaign Limited for use of fixed assets.
- computer software charges of £3,300 (2013 - £3,300) were paid to HPB Assurance Limited.
- travel services of £9,064 (2013 - £7,009) were provided to Conker Interiors Limited.
- sales of £124 (2013 - £Nil) to Lantern & Larks Limited.
- HPB Finance Limited surrendered group relief of corporation tax losses to the company in the sum of £Nil (2013 - £2,916) in return for payment of £Nil (2013 - £678).
- Lantern & Larks Limited surrendered group relief of corporation tax losses to the company in the sum of £335,163 (2013 - £Nil) in return for payment of £72,037 (2013 - £Nil).

The company has taken advantage of the exemption under Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with entities that are included in the consolidated financial statements of HPB Travel Club Holdings plc, the immediate parent company.

(3) Nature of relationship

The company is related to HPB Management Limited, Newmarketing Campaign Limited, HPB Assurance Limited, Stately Holiday Cottages Limited, HPB Finance Limited, Signature Holidays Limited, Conker Interiors Limited and Lantern & Larks Limited by virtue of the fact that all these companies have the same ultimate parent company, Quality Holidays Assured Limited (formerly HPB Holdings Limited). In addition, RG Boyce, GD Baber and JC Boyce are directors of Newmarketing Campaign Limited, HPB Finance Limited, Conker Interiors Limited and Lantern & Larks Limited and they, together with NP Beamish, are directors of HPB Management Limited, Stately Holiday Cottages Limited and Signature Holidays Limited.

The company is related to B & B Advertising Limited by virtue of the directorships and interests in relation to the shares of both companies of RG Boyce, GD Baber and JC Boyce.

(4) Controlling interest

Throughout the year and the previous year, the controlling party was Quality Holidays Assured Limited (formerly HPB Holdings Limited), the ultimate parent company.

20 Ultimate parent company

Throughout the year and the previous year, the ultimate parent company was Quality Holidays Assured Limited (formerly HPB Holdings Limited), a company incorporated in the Isle of Man, which is the parent of the largest group of which the company is a member.

Throughout the year and the previous year, HPB Travel Club Holdings Plc, a company incorporated in England and Wales, has been the company's immediate parent company and therefore the parent of the smallest group of which the company is a member.

The financial statements of HPB Travel Club Holdings Plc can be obtained from Companies House.

HPB TRAVEL CLUB LIMITED

Notes forming part of the financial statements for the year ended 31 December 2014 *(Continued)*

21 Financial instruments

The company entered into a forward currency contract to manage currency expenses that arise on sales and purchases as follows:

At the year end the company was contracted to sell £897,942 (2013: £733,594) for €1,090,000 (2013: €855,000) at the contract rate, but it had the option to buy back £448,971 (2013: £366,797) for €545,000 (2013: €427,500) at the same contracted rate, should the exchange rate at the date of maturity result in a net loss on foreign exchange. The forward contract rates mature at various dates between January 2015 and December 2015 (2013: March 2014 and December 2014). At 31 December 2014, the cost of closing the financial instrument was £19,773 (2013: £12,742).