AAT King's Tours (UK) Limited

Directors' report and financial statements

Registered number 2813876

31 December 2011

Contents

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2011

Principal activities

The principal activity of the company is the sale of Australian coach tours and other holiday arrangements

Business review

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

Results and dividends

The profit for the year, after taxation, amounted to £1,329 *(2010 £23,272)* Directors do not recommend the payment of a dividend £nil *(2010 £nil)*

Financial instruments

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

Directors and directors' interests

The directors who held office during the year were as follows

DID Howie
A Chapman (appointed 11/01/11)
KR Bunney (resigned 11/01/11)

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
Director

Wells House
15 Elmfield Road
Bromley
Kent
BR1 1LS
4th May 2012

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law 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

KPMG LLP

Edward V11 Quay
Navigation way
Preston
PR2 2YF
United Kingdom

Independent auditors' report to the members of AAT King's Tours (UK) Limited

We have audited the financial statements of AAT King's Tours Limited for the year ended 31 December 2011 set out on pages 5 to 22 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 2, 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 of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

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 2011 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of AAT King's Tours 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
United Kingdom

4th May 2012

Statement of comprehensive income

for the year ended 31 December 2011

	Note	2011	2010
		£	£
Revenue	2	**2,111,570**	1,887,316
Cost of sales	*3,4*	**(2,109,525)**	(1,853,401)
Gross profit		**2,045**	33,915
Finance income	*5*	**2,903**	2,143
Profit before tax		**4,948**	36,058
Taxation	*6*	**(3,619)**	(12,786)
Profit for the year		**1,329**	23,272
Total comprehensive income for the year		**1,329**	23,272

All results relate 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 9 to 22 form an integral part of these financial statements

Statement of changes in equity
for the year ended 31 December 2011

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 January 2010	50,000	523,185	573,185
Total comprehensive income for the year	-	23,272	23,272
Balance at 31 December 2010	50,000	546,457	596,457
Total comprehensive income for the year	-	1,329	1,329
Balance at 31 December 2011	**50,000**	**547,786**	**597,786**

The notes on pages 9 to 22 form an integral part of these financial statements.

Statement of financial position
at 31 December 2011

	Note	2011 £	2010 £
Non-current assets			
Plant and equipment	*7*	**1,598**	1,899
Deferred tax asset	*11*	**737**	794
		2,335	2,693
Current assets			
Amounts due from related parties	*8*	**226**	5,215
Trade and other receivables	*9*	**269,620**	367,778
Cash and cash equivalents	*10*	**1,336,316**	1,019,519
		1,606,162	1,392,512
Total assets		**1,608,497**	1,395,205
Current liabilities			
Amounts due to related parties	*12*	**(515,171)**	(253,987)
Trade and other payables	*13*	**(491,962)**	(532,012)
Taxation payable		**(3,578)**	(12,749)
Total liabilities		**(1,010,711)**	(798,748)
Net assets		**597,786**	596,457
Equity			
Share capital	*14*	**50,000**	50,000
Retained earnings		**547,786**	546,457
Total equity		**597,786**	596,457

These financial statements were approved by the board of directors 4th May 2012 and were signed on its behalf by

DID Howie
Director

The notes on pages 9 to 22 form an integral part of these financial statements

Statement of cash flows
for the year ended 31 December 2011

	Note	**2011**	2010
		£	£
Cash flows from operating activities			
Profit for the year		**1,329**	23,272
Adjustments for			
Depreciation	*7*	**837**	983
Finance income	*5*	**(2,903)**	(2,143)
Taxation	*6*	**3,619**	12,786
		2,882	34,898
Decrease / (increase) in trade and other receivables		**103,147**	(4,971)
Increase in trade and other payables		**221,134**	210,329
Taxation paid		**(12,733)**	(20,283)
Net cash from operating activities		**314,430**	219,973
Cash flows from investing activities			
Interest received		**2,903**	2,143
Acquisition of plant & equipment		**(536)**	(1,795)
Net cash from investing activities		**2,367**	348
Net increase in cash and cash equivalents		**316,797**	220,321
Cash and cash equivalents at 1 January	*10*	**1,019,519**	799,198
Cash and cash equivalents at 31 December	*10*	**1,336,316**	1,019,519

The notes on pages 9 to 22 form an integral part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

AAT King's Tours (UK) Limited (the "company") is a company incorporated in the UK

The company 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 the 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 ongoing 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 directors have made the judgement to recognise revenue in full on the departure date of the tour This policy also applies to cancellation revenue, which is not recognised until the departure date

Revenue

The revenue shown in income statement represents amounts derived from ordinary activities, and is stated after trade discounts, other taxes, and net of VAT Revenue represents the income earned from the sale of travel arrangements which have departed at the balance sheet date plus fees from services provided to other group companies

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined Non-monetary items that are measured at historical cost in a foreign currency are not translated

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the income statement Exchange differences arising on non-monetary items, carried at fair value, are included in the income statement, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity

Plant and equipment

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

Depreciation is charged to the income statement 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

- Office equipment 25% straight line

Notes *(contınued)*

1 Accounting policies *(contınued)*

Non-derıvatıve financıal instruments

Non-derıvatıve financıal ınstruments comprıse ınvestments ın equıty and debt securıtıes, trade and other receıvables, cash and cash equıvalents, loans and borrowıngs, and trade and other payables

Trade and other receıvables

Trade and other receıvables are recognısed ınıtıally at fair value Subsequent to ınıtıal recognıtıon they are measured at amortısed cost usıng the effectıve ınterest method, less any ımpaırment losses

Trade and other payables

Trade and other payables are recognısed ınıtıally at faır value Subsequent to ınıtıal recognıtıon they are measured at amortısed cost usıng the effectıve ınterest method

Cash and cash equıvalents

Cash and cash equıvalents comprıse cash balances and call deposıts Bank overdrafts that are repayable on demand and form an ıntegral part of the company's cash management are ıncluded as a component of cash and cash equıvalents for the purpose only of the cash flow statement

Taxatıon

Tax on the profit or loss for the year comprıses current and deferred tax Tax ıs recognısed ın the ıncome statement except to the extent that ıt relates to ıtems recognısed dırectly ın equıty, ın whıch case ıt ıs recognısed ın equıty

Current tax ıs the expected tax payable on the taxable ıncome for the year, usıng tax rates enacted or substantıvely enacted at the balance sheet date, and any adjustment to tax payable ın respect of prevıous years

Deferred tax ıs provıded on temporary dıfferences between the carryıng amounts of assets and lıabılıtıes for financıal reportıng purposes and the amounts used for taxatıon purposes The followıng temporary dıfferences are not provıded for the ınıtıal recognıtıon of goodwıll, the ınıtıal recognıtıon of assets or lıabılıtıes that affect neıther accountıng nor taxable profit other than ın a busıness combınatıon, and dıfferences relatıng to ınvestments ın subsıdıarıes to the extent that they wıll probably not reverse ın the foreseeable future The amount of deferred tax provıded ıs based on the expected manner of realısatıon or settlement of the carryıng amount of assets and lıabılıtıes, usıng tax rates enacted or substantıvely enacted at the balance sheet date

A deferred tax asset ıs recognısed only to the extent that ıt ıs probable that future taxable profits wıll be avaılable agaınst whıch the asset can be utılısed

Employee benefits

Defined benefit plans

The company partıcıpates ın a group defined benefit pensıon scheme, whıch 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 ın separate trustee admınıstered funds The pensıon scheme ıs a group plan and AAT Kıngs Tours (UK) Lımıted ıs not the sponsorıng entıty Consequently, the scheme ıs accounted for as defined contrıbutıon scheme and oblıgatıons for contrıbutıons are recognısed as an expense ın the ıncome statement as ıncurred

Defined contrıbutıon plans

From 1 May 2004 the company partıcıpated ın a group defined contrıbutıon scheme, open to all employees subject to scheme rules The assets of the scheme are held separately from those of the company ın separate trust admınıstered funds Oblıgatıons for contrıbutıons to defined contrıbutıon pensıon plans are recognısed as an expense ın the ıncome statement as ıncurred

Notes *(continued)*

1 Accounting policies *(continued)*

Expenses

Operating lease payments

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

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, interest receivable on funds invested, dividend 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 income statement 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 2011 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 2011 but are not yet effective, and therefore have not yet been applied in preparing these financial statements

IFRS 13 '*Fair value measurement(2011)*' – the objective of this standard is to give clearer guidance on how to measure fair value assets, liabilities and equity instruments held by a company by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs This amendment is not expected to have a significant impact upon the Company accounts when adopted This standard has not yet been endorsed by the EU

Amended IAS 1 '*Presentation of financial statements (2010)*' – the objective of this amendment is to improve the presentation of certain items of other comprehensive income, requiring separate subtotals for those elements which may be 'recycled' This amendment is not expected to have a significant impact upon the Company accounts when adopted This standard has not yet been endorsed by the EU

IFRS 9 '*Financial Instruments Classification and Measurement (2010)*' – this standards objective is to gradually phase out IAS 39 *Financial Instruments Recognition and Measurement* Phase one of this process specifically requires financial assets to be classified at amortised cost or at fair value Further development phases for IFRS 9 are scheduled to cover key areas such as impairment, hedge accounting and the offsetting of assets and liabilities It is effective for accounting periods beginning on or after 1 January 2015, Early adoption is permitted, once the standard is endorsed by the EU The adoption of IFRS 9 is not expected to have a significant impact upon the Company's net results or net assets

New Amendment to IAS 32 *Financial Instruments Presentation* focusing on the offsetting of financial assets and financial liabilities - this amendment clarifies the offsetting criteria in IAS 32 and addresses inconsistencies in application Similar amendments to IFRS 7 *Financial Instruments Disclosure*, include minimum disclosure requirements related to financial assets and liabilities, including a tabular reconciliation of gross and net amounts of financial assets and financial liabilities, separately showing amounts offset and not offset in the statements of financial position These amendments are effective for annual periods beginning on or after 1 January 2012 They are not expected to have a significant impact upon the Company accounts when adopted

The company continues to monitor the potential impact of other new standards and interpretations which may be endorsed by the European Union and require adoption by the company in future reporting periods

Notes *(contınued)*

2 Revenue

Revenue represents commıssıon earned on sales of tours ın Australıa, plus servıce fees for marketıng and data processıng, at ınvoıce value, exclusıve of VAT Revenue arose exclusıvely from operatıons ın the Unıted Kıngdom and Europe

3 Expenses and auditor's remuneration

Included ın profit are the followıng

	2011	2010
	£	£
Depreciatıon - Plant and machınery	**837**	983
Hıre of other assets – operatıng leases	**15,595**	15,789
Loss on foreıgn currency translatıon	**4,094**	13,160

Audıtors' remuneratıon.

	2011	2010
	£	£
Audıt	**6,094**	6,500
Other servıces	**2,859**	1,700

4 Staff numbers and costs

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

	Number of employees 2011	Number of Employees 2010
Sales	**7**	7

The aggregate payroll costs of these persons were as follows

	2011	2010
	£	£
Wages and salarıes	**200,264**	187,159
Socıal securıty costs	**19,712**	17,091
Other pensıon costs	**21,025**	15,357
	241,001	219,607

No dırector was remunerated by thıs group company durıng the year *(2010 nıl)*

Notes *(continued)*

5 Finance income

	2011 £	2010 £
Bank interest receivable	**2,903**	2,143
	2,903	2,143

6 Taxation

Recognised in the income statement

	2011 £	2010 £
Current tax expense		
Current year	**3,562**	12,729
	3,562	12,729
Deferred tax expense		
Origination and reversal of timing differences	**57**	57
Total tax in income statement	**3,619**	12,786

Reconciliation of effective tax rate

	2011 £	2010 £
Current tax reconciliation		
Profit on ordinary activities before tax	**4,948**	36,058
Tax using the UK corporation tax rate of 26 5% *(2010 28%)*	**1,311**	10,096
Non-deductible expenses	**2,308**	2,690
Total tax in income statement	**3,619**	12,786

On the 23 March 2011 the Chancellor announced that the main rate of UK corporation tax will reduce from 26% to 25% with effect from 1 April 2012 This change became substantively enacted in July 2011 and therefore the effect of the rate reduction on the deferred tax balances has been included in the figures above

On 21 March 2012 the Chancellor announced a further reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012 This change became substantively enacted on 26 March 2012 As this rate was not substantively enacted at the balance sheet date it has not been reflected in the above figures

The Chancellor has also proposed changes to further reduce the main rate of UK corporation tax by 1% per annum to 22% by 1 April 2014 These reductions have not been substantively enacted the changes are not reflected in the above figures

Notes *(continued)*

7 Plant and Equipment

	Office Equipment £
Cost	
Balance at 1 January 2010	2,989
Additions	1,795
Disposals	(1,233)
Balance at 31 December 2010	3,551
Balance at 1 January 2011	3,551
Additions	536
Disposals	-
Balance at 31 December 2011	**4,087**
Depreciation	
Balance at 1 January 2010	1,902
Depreciation charge for the year	983
Disposal	(1,233)
Balance at 31 December 2010	**1,652**
Balance at 1 January 2011	1,652
Depreciation charge for the year	837
Disposal	-
Balance at 31 December 2011	**2,489**
Net book value	
At 1 January 2010	1,087
At 31 December 2010 and 1 January 2011	1,899
At 31 December 2011	**1,598**

Notes *(continued)*

8 Amount due from related parties

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

	2011 £	2010 £
AAT Kings Tours (Deutschland) GMBH	-	3,547
Evan Evans Tours Limited	226	518
AAT Kings (NZ) Ltd	-	1,150
	226	5,215

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

9 Trade and other receivables

	2011 £	2010 £
Trade receivables	228,962	303,594
VAT recoverable	35,294	61,031
Prepayments and accrued income	5,364	3,153
	269,620	367,778

The company's exposure to credit risk and impairment losses related to trade receivables is disclosed in note 16

10 Cash and cash equivalents

	2011 £	2010 £
Cash and cash equivalents per balance sheet and cash flow statement	1,336,316	1,019,519

The company's exposure to credit, currency and interest rate risk is disclosed in note 16

11 Deferred tax asset

Recognised deferred tax assets

Deferred tax assets are attributable to the following

	2011 £	2010 £
Plant and equipment	737	794

Notes *(continued)*

11 Deferred tax asset *(continued)*

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

	2011	2010
	£	£
At 1 January 2011	**794**	851
Recognised in income statement	**(57)**	(57)
At 31 December 2011	**737**	794

12 Amounts due to related parties

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

	2011	2010
	£	£
Parent company		
AAT King's Tours International Limited	**486,704**	213,206
Other Group Companies		
Contiki Services Limited	**6,901**	7,620
Insight Travel Services Limited	**16,654**	30,701
Travcorp Management Services Limited	**4,912**	2,460
	515,171	253,987

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

13 Trade and other payables

	2011	2010
	£	£
Trade payables	**12,654**	26,196
Other payables	**13,642**	9,020
Accruals and deferred income	**465,666**	496,796
	491,962	532,012

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

Notes *(continued)*

14 Share Capital

	2011 £	2010 £
Authorised		
50,000 Ordinary shares of £1 each	**50,000**	50,000

	2011 No	2011 £	2010 No	2010 £
Allotted, called up and fully paid				
Ordinary shares of £1 each classified in shareholders' funds	**50,000**	**50,000**	50,000	50,000

15 Pension scheme

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 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 2011 £15,952 was charged against profits in respect of the defined benefit scheme *(2010 £13,275)* and £5,073 was charged against profits in respect of the defined contribution scheme (*2010 £2,082*)

	2011 £000	2010 £000
Present value of funded defined benefit obligations	**24,976**	21,169
Fair value of plan assets	**(14,989)**	(15,382)
Net liability	**9,987**	5,787

Movement in the present value of the defined benefit obligation

	2011 £000	2010 £000
Liability for defined benefit obligations at 1 January	**21,169**	19,974
Interest cost	**1,142**	1,146
Current service cost	**109**	246
Benefits paid by the plan	**(210)**	(184)
Members contributions	**70**	213
Curtailment	**326**	-
Actuarial losses/(gains) recognised in equity	**2,370**	(226)
Liability for defined benefit obligations at 31 December	**24,976**	21,169

Notes *(continued)*

15 Pension scheme *(continued)*

Movement in fair value of plan assets

	2011 £000	2010 £000
Fair value of plan assets at 1 January	**15,382**	13,010
Employer contributions	**672**	661
Member contributions	**70**	213
Benefits paid by the plan	**(210)**	(184)
Expected return on plan assets	**976**	883
Actuarial (losses)/gains recognised in equity	**(1,901)**	799
Fair value of plan assets at 31 December	**14,989**	15,382

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

	2011 £000	2010 £000
Current service costs	**109**	246
Interest on obligation	**1,142**	1,146
Expected return on plan assets	**(976)**	(883)
Curtailment	**326**	-
	601	509

Plan assets consist of the following

	2011 £000	2010 £000
Equity securities	**11,287**	12,077
Bonds	**2,180**	1,867
Property	**15**	15
Cash	**1,507**	1,423
	14,989	15,382

	2011 £000	2010 £000
Actual return on plan assets	**(925)**	1,683

Notes *(continued)*

15 Pension scheme *(continued)*

Actuarial assumptions

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

	2011	2010
	%	%
Discount rate	**4.7**	5 40
Expected return on plan assets	**6.11**	6 23
Future salary increases	**3.7**	4 40
Future pension increases on benefits accrued from 1997 to 2007	**3.5**	3 80
Future pension increases on benefits accrued post 2007	**2.7**	3 20
Rate of increase on deferred pensions	**2.2**	2 90
Inflation	**2.2**	2 90

The expected return on plan assets at the end of the preceding comparative year was 6 23%

History of plans

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

	2011	2010	2009	2008	2007
	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	**(24,946)**	(21,169)	(19,974)	(14,352)	(15,924)
Fair value of plan assets	**14,989**	15,382	13,010	10,216	11,960
Deficit in the plan	**(9,987)**	(5,787)	(6,964)	(4,136)	(3,964)
Experience adjustments on plan liabilities	**(2.8)%**	2 1%	(1 80)%	(1 68)%	(1 17)%
Experience adjustments on plan assets	**(12.7)%**	5 2%	10 70%	(38 59)%	0 28%

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 addition, various financial instruments (e g trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations

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

Notes *(continued)*

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

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk

The intercompany balances are not considered to represent a significant credit risk by the directors Amounts shown in the balance sheet represent the maximum credit risk exposure in the event of other parties failing to perform their obligations under financial instruments The maximum exposure at the reporting date was

	Carrying amount 2011 £	**Carrying amount 2010 £**
Amounts due from related parties	**226**	5,215
Trade receivables	**228,962**	303,594
Cash and cash equivalents	**1,336,316**	1,019,519
At 31 December	**1,565,504**	1,328,328

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was

	Carrying amount 2011 £	**Carrying amount 2010 £**
United Kingdom	**218,774**	222,654
Australia	**8,060**	73,959
Europe	**2,128**	6,981
	228,962	303,594

Credit risk with respect to trade receivables is monitored on an ongoing basis by the credit control team and finance management The term of debt is within 30 days of recognition At the balance sheet date, the 4 largest trade receivables, by customer, accounted for 92 2% of the total trade receivables balance, and the largest individual balance was £79,978

Receivables by age and impairment losses

The ageing of trade receivables at the reporting date was

	Gross 2011 £	**Impairment 2011 £**	Gross 2010 £	Impairment 2010 £
Not past due	**142,598**	-	188,483	-
Past due 0-30 days	**86,164**	-	88,608	-
Past due 31-120 days	-	-	17,946	-
120 days +	**200**	-	6,157	-
	228,962	-	301,194	-

Based on historic default rates, the company believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to one year, all of this balance relates to customers that have a good track record with the company

Notes *(continued)*

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

Liquidity risk

The company at all times maintains adequate committed cash in order to meet all its commitments as and when they fall due Trade payables of £12,654 *(2010 £26,196)* and amounts due to related parties of £515,171 *(2010 £253,987)* are payable within six months or less from 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 per cent of this rate would result in a difference in annual pre-tax profit of £13,363 based on company cash, cash equivalents and financial instruments at 31 December 2011

Currency risk

The company is exposed to foreign exchange risk in respect of transactions involving Australian dollars and the Euro The company does not use forward exchange contracts to hedge the company's exposure to foreign currency risk in the local reporting currency

Exposure to currency risk

The company's exposure to foreign currency risk at the year end is as follows

	2011 GBP	**2011 AUD**	**2011 EUR**	2010 GBP	2010 AUD	2010 EUR
Trade receivables	**218,774**	**8,060**	**2,128**	220,254	73,959	6,980
Intercompany amounts receivable	**226**	**-**	**-**	1,668	-	3,547
Trade payables	**(12,654)**	**-**	**-**	(26,196)	-	-
Intercompany amounts payable	**(515,171)**	**-**	**-**	(253,987)	-	-
Cash and cash equivalents	**1,161,896**	**116,810**	**56,956**	948,080	39,805	30,984
Gross balance sheet exposure	**853,071**	**124,870**	**59,084**	889,819	113,764	41,511

The following significant exchange rates applied during the year

	Average rate		**Reporting date spot rate**	
	2011	2010	**2011**	2010
AUD	**0.644**	0 594	**0.660**	0 655
EUR	**0.868**	0 858	**0.835**	0 857

Sensitivity analysis

A 10% strengthening of the pound against the following currencies at 31 December 2011 would have decreased profit or loss by the amounts shown below This analysis assumes all other variables, in particular interest rates, remain constant This analysis is performed on the same basis for 2010

	2011 £	2010 £
AUD	**(12,487)**	(11,376)
EUR	**(5,908)**	(4,151)

A 10% weakening of the pound against the above currencies at 31 December 2011 would have had the equal but opposite effect of the above currencies to the amounts shown above, on the basis that all other variables remain constant

The company is not exposed to any currency risk in respect of balances due to or from related parties as all transactions during the year occur in Pounds Sterling and all balances at the year end are denominated in Pounds Sterling

Notes *(continued)*

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

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 Commitments under operating leases

Non-cancellable operation lease rentals are payable as follows

	2011 £	2010 £
Less than one year	**14,268**	9,060
Between one and five years	**10,580**	13,091
Over five years	**4,158**	-
	29,006	22,151

During the year £15,595 was recognised as an expense in the income statement in respect of operating leases *(2010 £15,789)*

18 Related party transactions

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

	2011 £	2010 £
Insight Travel Services Limited	**31,100**	30,175
Contiki Services Limited	**11,392**	15,002
	42,492	45,177

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

	2011 £	2010 £
Parent Company		
AAT King's Tours International Limited	**2,101,975**	1,876,613

Guarantees

A bond for £664,500 *(2010 £585,900)* given to ABTA by bankers on behalf of the company is secured by a specific counter indemnity given to those bankers by Contiki Tours International Limited

Details of the company's immediate parent and of the ultimate controlling party are included in note 19

19 Ultimate parent company and parent company of larger group

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 The Travel Corporation Limited, a company incorporated in the British Virgin Islands The smallest group in which they are consolidated is that headed by AAT King's Tours International Limited, a company registered in the British Virgin Islands Neither set of consolidated financial statements are available to the public