AAT King's Tours (UK) Limited

Directors' report and financial statements

Registered number 2813876

31 December 2015

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2015.

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 £20,238 *(2014:£17,694)*. Directors do not recommend the payment of a dividend £nil *(2014: £nil)*.

Financial instruments

Details of the company's financial risk management objectives and policies are included in note 17 to the accounts.

Directors and directors' interests

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

DJD Howie
A Chapman

Disclosure of information to the auditor

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 auditor is 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 auditor is 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

David Howie

Derek Howie
Director

Wells House
15 Elmfield Road
Bromley
Kent
BR1 1LS

30 June 2016

KPMG LLP

Edward VII Quay
Navigation way
Preston
PR2 2YF
United Kingdom

Independent auditor's 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 2015 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 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.

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 2015 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.

Statement of comprehensive income

for the year ended 31 December 2015

	Note	2015	2014
		£	£
Revenue	2	2,246,059	2,576,324
Cost of sales		(2,223,344)	(2,555,147)
Gross profit		22,715	21,177
Finance income	6	3,093	2,899
Profit before tax		25,808	24,076
Taxation	7	(5,570)	(6,382)
Profit for the year		20,238	17,694
Total comprehensive income for the year		20,238	17,694

The results in the current and preceding year 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 financial position

at 31 December 2015

	Note	2015	2014
		£	£
Non-current assets			
Plant and equipment	*8*	2,856	3,823
Deferred tax asset	*12*	616	550
		3,472	4,373
Current assets			
Amounts due from related parties	*9*	127	150,544
Trade and other receivables	*10*	636,867	615,867
Cash and cash equivalents	*11*	1,325,945	1,167,845
		1,962,939	1,934,256
Total assets		1,966,411	1,938,629
Current liabilities			
Amounts due to related parties	*13*	(774,716)	(691,161)
Trade and other payables	*14*	(432,650)	(507,964)
Taxation payable		(5,636)	(6,333)
Total liabilities		(1,213,002)	(1,205,458)
Net assets		753,409	733,171
Equity			
Share capital	*15*	50,000	50,000
Retained earnings		703,409	683,171
Total equity		753,409	733,171

These financial statements were approved by the board of directors on 30 June 2016 and were signed on its behalf by:

Derek Howie
Director

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 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.

Revenue

The revenue shown in statement of comprehensive income 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 statement of financial position 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 statement of financial position 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 statement of comprehensive income. Exchange differences arising on non-monetary items, carried at fair value, are included in the statement of comprehensive income, 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 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:

- Office equipment 25% straight line

Notes *(continued)*

1 Accounting policies *(continued)*

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.

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 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 2015 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

There are no new standards, amendments or interpretations adopted by the Company in the year ended 31 December 2015.

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

- IFRS 15 Revenue from Contracts with Customers: this standard deals with revenue recognition and established principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard was issued in May 2014 with an effective date of 1 January 2018, but is not yet EU endorsed. Management is in the process of reviewing the impact that this will have on the Company.
- IFRS 9 Financial Instruments: issued in July 2014 with an effective date of 1 January 2018, is not yet EU endorsed. It is not expected to have a material impact on the Company.
- IFRS 16 Leases: issued in January 2016 with an effective date of 1 January 2019, is not yet EU endorsed.

2 Revenue

Revenue represents commission earned on sales of tours operated in Australia, plus service fees for marketing and data processing, at invoice value, exclusive of VAT. Revenue arose exclusively from operations in the United Kingdom and Europe.

3 Expenses and auditor's remuneration

Included in profit are the following:

	2015	2014
	£	£
Depreciation	**1,626**	1,730
Operating lease charge	**8,793**	16,040
(Gain)/Loss on foreign currency translation	**(6,625)**	3,991

Notes *(continued)*

7 Taxation *(continued)*

Reconciliation of effective tax rate

	2015	2014
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	25,807	24,077
Tax using the UK corporation tax rate of 20.25% *(2014: 21.5%)*	5,226	5,176
Effects of:		
Non-deductible expenses	344	1,206
Total current tax in statement of comprehensive income	5,570	6,382

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 December 2015 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

Notes *(continued)*

10 Trade and other receivables

	2015	2014
	£	£
Trade receivables	432,456	396,905
VAT receivable	196,685	190,911
Prepayments and accrued income	7,726	28,051
	636,867	615,867

The company's exposure to credit risk and impairment losses related to trade receivables is disclosed in note 17.

11 Cash and cash equivalents

	2015	2014
	£	£
Cash and cash equivalents	1,325,945	1,167,845

The company's exposure to credit, currency and interest rate risk is disclosed in note 17.

12 Deferred tax asset

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	2015	2014
	£	£
Plant and equipment	616	550

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:

	2015	2014
	£	£
At 1 January 2015	550	599
Recognised in statement of comprehensive income	66	(49)
At 31 December 2015	616	550

Notes *(continued)*

16 Pension scheme

The company contributes to a group pension scheme open to all employees, subject to scheme rules. The scheme comprises a defined benefit scheme, which was closed to new members from 1 May 2004 and closed to further accrual from 1 May 2011, and a 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, although it is accounted for as a defined benefit scheme by the ultimate controlling party.

During the year ended 31 December 2015 £2,431 was charged against profits in respect of the defined benefit scheme *(2014: £15,287)* and £16,989 was charged against profits in respect of the defined contribution scheme *(2014: £22,932)*.

Plan assets consist of the following:

	2015 £000	2014 £000
Present value of funded defined benefit obligations	34,802	36,797
Fair value of plan assets	(21,420)	(21,248)
Net liability	15,382	15,549

Movement in the present value of the defined benefit obligation:

	2015 £000	2014 £000
Liability for defined benefit obligations at 1 January	36,797	30,474
Interest cost	1,233	1,327
Current service cost	-	-
Benefits paid by the plan	(1,082)	(612)
Members contributions	-	-
Curtailment	-	-
Actuarial (gains)/losses recognised in equity	(2,146)	5,608
Liability for defined benefit obligations at 31 December	34,802	36,787

Movement in fair value of plan assets:

	2015 £000	2014 £000
Fair value of plan assets at 1 January	21,248	20,100
Interest cost	718	888
Employer contributions	810	778
Benefits paid by the plan	(1,082)	(613)
Actuarial (loss)/gains recognised in equity	(275)	95
Fair value of plan assets at 31 December	21,420	21,248

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.

Notes *(continued)*

16 Pension scheme *(continued)*

History of plans

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

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Present value of the defined benefit obligation	**(34,802)**	(36,797)	(30,474)	(29,745)	(24,976)
Fair value of plan assets	**21,420**	21,248	20,100	17,243	14,989
Deficit in the plan	**(15,382)**	(15,549)	(10,374)	(12,502)	(9,987)
Experience adjustments on plan liabilities	**1.0%**	(0.3%)	(0.3%)	(1.9%)	(2.8%)
Experience adjustments on plan assets	**(1.3%)**	0.4%	8.6%	6.1%	(12.7%)

17 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.

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 statement of financial position 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 2015 £	Carrying amount 2014 £
Amounts due from related parties	**127**	150,544
Trade receivables	**432,456**	396,905
Cash and cash equivalents	**1,325,945**	1,167,845
At 31 December 2015	**1,758,528**	1,715,294

Notes *(continued)*

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

Exposure to currency risk

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

	2015 GBP	2015 AUD	2015 EUR	2014 GBP	2014 AUD	2014 EUR
Trade receivables	353,326	58,657	20,514	326,159	70,369	377
Amounts due from related parties	127	-	-	150,544	-	-
Trade payables	(4,971)	-	-	(16,103)	-	-
Amounts due to related parties	352,133	358,574	(64,009)	477,989	260,585	(47,413)
Cash and cash equivalents	1,072,008	42,807	210,454	941,296	144,656	81,240
Gross statement of financial position exposure	**1,772,623**	**460,038**	**166,959**	**1,879,885**	**475,610**	**34,204**

The following significant exchange rates applied during the year:

	Average rate 2015	Average rate 2014	Reporting date spot rate 2015	Reporting date spot rate 2014
AUD	**0.492**	0.548	**0.493**	0.525
EUR	**0.726**	0.806	**0.737**	0.776

Sensitivity analysis

A 10% strengthening of the pound against the following currencies at 31 December 2015 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 2014.

	2015 £	2014 £
AUD	(46,004)	(47,561)
EUR	(16,696)	(3,420)

A 10% weakening of the pound against the above currencies at 31 December 2015 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.

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.