AAT King's Tours (UK) Limited

Directors' report and financial statements

Registered number 2813876

31 December 2014

Contents

Directors' report

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

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 £17,694 *(2013:£76,165).* Directors do not recommend the payment of a dividend £nil *(2013: £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:

DID 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

DID Howie
Director

Wells House
15 Elmfield Road
Bromley
Kent
BR1 1LS

7 May 2015

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 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 2014 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 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 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; or
- the directors were not entitled to take advantage of the small companies exemption in not preparing a strategic report.

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

	Note	2014 £	2013 £
Revenue	2	**2,576,324**	**2,324,585**
Cost of sales		(2,555,147)	(2,225,842)
Gross profit		**21,177**	**98,743**
Finance income	6	2,899	2,852
Profit before tax		**24,076**	**101,595**
Taxation	7	(6,382)	(25,430)
Profit for the year		**17,694**	**76,165**
Total comprehensive income for the year		**17,694**	**76,165**

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 changes in equity
for the year ended 31 December 2014

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 January 2013	50,000	589,312	639,312
Total comprehensive income for the year	-	76,165	76,165
Balance at 31 December 2013	50,000	665,477	715,477
Total comprehensive income for the year		17,694	17,694
Balance at 31 December 2014	**50,000**	**683,171**	**733,171**

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

Statement of financial position
at 31 December 2014

	Note	2014	2013
		£	£
Non-current assets			
Plant and equipment	*8*	**3,823**	2,629
Deferred tax asset	*12*	**550**	599
		4,373	3,228
Current assets			
Amounts due from related parties	*9*	**150,544**	3,140
Trade and other receivables	*10*	**615,867**	646,123
Cash and cash equivalents	*11*	**1,167,845**	1,838,137
		1,934,256	2,487,400
Total assets		**1,938,629**	2,490,628
Current liabilities			
Amounts due to related parties	*13*	**(691,161)**	(1,202,073)
Trade and other payables	*14*	**(507,964)**	(547,675)
Taxation payable		**(6,333)**	(25,403)
Total liabilities		**(1,205,458)**	(1,775,151)
Net assets		**733,171**	715,477
Equity			
Share capital	*15*	**50,000**	50,000
Retained earnings		**683,171**	665,477
Total equity		**733,171**	715,477

These financial statements were approved by the board of directors 7 May 2015 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 2014

	Note	**2014** **£**	2013 £
Cash flows from operating activities			
Profit for the year		**17,694**	76,165
Adjustments for:			
Depreciation	*8*	**1,730**	1,394
Finance income	*6*	**(2,899)**	(2,852)
Taxation	*7*	**6,382**	25,430
		22,907	100,137
(Increase) in trade and other receivables		**(117,148)**	(256,019)
(Decrease)/Increase in trade and other payables		**(550,623)**	487,418
Taxation paid		**(25,403)**	(16,009)
Net cash from operating activities		**670,267**	315,527
Cash flows from investing activities			
Interest received	*6*	**2,899**	2,852
Acquisition of plant & equipment	*8*	**(2,924)**	(785)
Net cash from investing activities		**25**	2,067
Net increase in cash and cash equivalents		**(670,292)**	317,594
Cash and cash equivalents at 1 January 2014	*11*	**1,838,137**	1,520,543
Cash and cash equivalents at 31 December 2014	*11*	**1,167,845**	1,838,137

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)*

Non-derivative financial instruments

Non-derivative financial instruments comprise 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.

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.

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 AAT Kings Tours (UK) Limited is not the sponsoring entity. Consequently, the scheme is accounted for as 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.

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 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

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:

	2014	2013
	£	£
Depreciation	**1,730**	1,394
Operating lease charge	**16,040**	15,877
Loss/(Gain) on foreign currency translation	**3,991**	(21,193)

Notes *(continued)*

4 Expenses and auditor's remuneration *(continued)*

Auditor's remuneration:

	2014	2013
	£	£
Audit of these financial statements	**5,538**	8,355

5 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	Number of Employees 2013
Sales	**4**	7

The aggregate payroll costs of these persons were as follows:

	2014	2013
	£	£
Wages and salaries	**198,721**	201,496
Social security costs	**23,620**	22,927
Other pension costs	**38,219**	27,419
	260,560	251,842

No director was remunerated by this group company during the year *(2013: nil)*.

6 Finance income

	2014	2013
	£	£
Bank interest receivable	**2,899**	2,852

7 Taxation

Recognised in the statement of comprehensive income

	2014	2013
	£	£
Current tax expense		
Current year	6,333	25,403
	6,333	25,403
Deferred tax expense		
Origination/reversal of timing differences	49	27
Total tax in statement of comprehensive income	6,382	25,430

Notes *(continued)*

7 Taxation *(continued)*

Reconciliation of effective tax rate

	2014	2013
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	**24,077**	101,595
Tax using the UK corporation tax rate of 21.5% *(2013: 23.25%)*	**5,176**	23,620
Effects of:		
Non-deductible expenses	**1,206**	1,810
Total current tax in statement of comprehensive income	**6,382**	25,430

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 Plant and Equipment

	Office Equipment £
Cost	
Balance at 1 January 2013	6,490
Additions	785
Balance at 31 December 2013	7,275
Balance at 1 January 2014	
Additions	2,924
Balance at 31 December 2014	**10,199**
Depreciation	
Balance at 1 January 2013	3,252
Depreciation charge for the year	1,394
Balance at 31 December 2013	4,646
Balance at 1 January 2014	
Depreciation charge for the year	1,730
Balance at 31 December 2014	6,376
Net book value	
At 1 January 2013	3,238
At 31 December 2013 and 1 January 2014	2,629
At 31 December 2014	**3,823**

9 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:

	2014 £	2013 £
Evan Evans Tours Limited	**134**	554
Travcorp Managament Services Limited	-	1,448
AAT Kings Tours (Deutschland) GMBH	-	1,138
Insight Travel Services Ltd	**150,410**	-
	150,544	3,140

The company's exposure to credit risk and impairment losses related to amounts due from related parties is disclosed in note 17.

Notes *(continued)*

10 Trade and other receivables

	2014 £	2013 £
Trade receivables	**396,905**	428,197
VAT receivable	**190,911**	184,237
Prepayments and accrued income	**28,051**	33,689
	615,867	646,123

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

11 Cash and cash equivalents

	2014 £	2013 £
Cash and cash equivalents	**1,167,845**	1,838,137

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:

	2014 £	2013 £
Plant and equipment	**550**	599

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 2014	**599**	**599**
Recognised in statement of comprehensive income	**(49)**	**-**
At 31 December 2014	**550**	599

Notes *(continued)*

13 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:

	2014 £	2013 £
Parent company		
AAT King's Tours International Limited	**604,136**	1,073,572
Other Group Companies		
Contiki Services Limited	**7,322**	4,059
Insight Travel Services Limited	**-**	58,584
Travcorp Management Services Limited	**2,261**	-
Radical Travel Group Limited	**77,442**	65,858
	691,161	1,202,073

The company's exposure to liquidity risk related to amounts due to related parties is disclosed in note 17.

14 Trade and other payables

	2014 £	2013 £
Trade payables	**16,103**	95,711
Accruals and deferred income	**491,861**	451,964
	507,964	547,675

The company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 17.

15 Share Capital

	2014 No	2014 £	2013 No	2013 £
Allotted, called up and fully paid				
Ordinary shares of £1 each classified in shareholders' funds	**50,000**	**50,000**	50,000	50,000

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 2014 £15,287 was charged against profits in respect of the defined benefit scheme *(2013: £15,288)* and £22,932 was charged against profits in respect of the defined contribution scheme *(2013: £12,131)*.

Plan assets consist of the following:

	2014	2013
	£000	£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	2013
	£000	£000
Liability for defined benefit obligations at 1 January 2014	**30,474**	29,745
Interest cost	**1,327**	1,213
Benefits paid by the plan	**(612)**	(321)
Actuarial (gains)/losses recognised in equity	**5,608**	(163)
Liability for defined benefit obligations at 31 December 2014	**36,797**	30,474

Movement in fair value of plan assets:

	2014	2013
	£000	£000
Fair value of plan assets at 1 January 2014	**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
Fair value of plan assets at 31 December 2014	**21,248**	20,100

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)*

Expense recognised in statement of comprehensive income

	2014 £000	2013 £000
Current service costs	**439**	498
	439	498

Plan assets consist of the following:

	2014 £000	2013 £000
Equity securities	**15,806**	15,126
Bonds	**3,245**	3,076
Other	**564**	372
Cash	**1,633**	1,526
	21,248	20,100

	2014 £000	2013 £000
Actual return on plan assets	**983**	2,445

Actuarial assumptions:

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

	2014 %	2013 %
Discount rate at 31 December 2014	**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 assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.3 years (male), 24.5 years (female).
- Future retiree upon reaching 65: 24.1 years (male), 26.5 years (female).

Notes *(continued)*

16 Pension scheme *(continued)*

History of plans

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

	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	**(36,797)**	(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%

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 2014	Carrying amount 2013
	£	£
Amounts due from related parties	**150,544**	3,140
Trade receivables	**396,905**	428,197
Cash and cash equivalents	**1,167,845**	1,838,137
At 31 December 2014	**1,715,294**	2,269,474

Notes *(continued)*

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

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

	Carrying amount 2014 £	Carrying amount 2013 £
United Kingdom	**326,159**	336,263
Australia	**70,369**	81,365
Europe	**377**	10,569
	396,905	428,197

Credit risk with respect to trade receivables is monitored on an on-going basis by the credit control team and finance management. The term of debt is within 30 days of recognition. At the statement of financial position date, the 4 largest trade receivables, by customer, accounted for 73% of the total trade receivables balance, and the largest individual balance was £109,948.

Receivables by age and impairment losses

The ageing of trade receivables at the reporting date was:

	Gross 2014 £	**Impairment 2014 £**	Gross 2013 £	Impairment 2013 £
Not past due	**198,011**	-	296,294	-
Past due 0-30 days	**149,179**	-	102,767	-
Past due 31-120 days	**49,715**	-	27,842	-
120 days +	-	-	1,294	-
	396,905	-	428,197	-

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.

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 £16,103 *(2013: £95,711)* and amounts due to related parties of £691,161 *(2013: £1,202,073)* 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 percent of this rate would result in a difference in annual pre-tax profit of £ 11,678 (2013: £18,381), based on company cash and cash equivalents and financial instruments at 31 December 2014.

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.

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:

	2014 GBP	2014 AUD	2014 EUR	2013 GBP	2013 AUD	2013 EUR
Trade receivables	**326,159**	**70,369**	**377**	336,263	81,365	10,569
Amounts due from related parties	**150,544**	**-**	**-**	3,140	-	-
Trade payables	**(16,103)**	**-**	**-**	(95,711)	-	-
Amounts due to related parties	**477,989**	**260,585**	**(47,413)**	(936,189)	(282,220)	16,336
Cash and cash equivalents	**941,296**	**144,656**	**81,240**	1,579,000	144,492	114,025
Gross statement of financial position exposure	**1,879,885**	**475,610**	**34,204**	886,503	(56,363)	140,930

The following significant exchange rates applied during the year:

	Average rate 2014	Average rate 2013	Reporting date spot rate 2014	Reporting date spot rate 2013
AUD	**0.548**	0.617	**0.525**	0.540
EUR	**0.806**	0.563	**0.776**	0.832

Sensitivity analysis

A 10% strengthening of the pound against the following currencies at 31 December 2014 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 2013.

	2014 £	2013 £
AUD	**47,561**	5,636
EUR	**(3,420)**	(14,093)

A 10% weakening of the pound against the above currencies at 31 December 2014 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.

Notes *(continued)*

18 Commitments under operating leases

Non-cancellable operation lease rentals are payable as follows:

	2014 £	2013 £
Less than one year	**8,899**	8,764
Between two and five years	**4,145**	6,908
Over five years	**-**	-
	13,044	15,672

During the year £16,040 was recognised as an expense in the statement of comprehensive income in respect of operating leases *(2013: £15,877)*.

19 Related party transactions

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

	2014 £	2013 £
Administrative expenses:		
Insight Travel Services Limited	**86,296**	58,938
Contiki Services Limited	**13,043**	13,643
	99,339	72,581

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

	2014 £	2013 £
Revenue:		
Parent Company		
AAT King's Tours International Limited	**2,576,324**	2,324,585

Guarantees

A bond for £811,684 (*2013:* £737,400) 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 20.

20 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.