

**Insight Group Limited**

**Directors' report and financial  
statements**

**Registered number 57993**

**31 December 2016**

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## Strategic report

The directors present their annual strategic report, directors' report and the audited financial statements for the year ended 31 December 2016.

### Principal activities

The principal activity of the Group is the sale of European and USA coach tours and other travel arrangements. The principal activity of the Company is that of a holding company.

### Performance of the Business

The performance of the group was similar to the previous year although the financial results were impacted by the weakening of sterling. The directors are satisfied with the results for the year, and anticipate that the present levels of activity will be maintained for the foreseeable future. The profit for the year, after taxation, was £3,456,499, (2015: £4,553,392). The directors do not recommend the payment of a dividend (2015: £nil).

### Key performance indicators

The key indicators of performance revolve around wages and salaries and other overhead costs. On both these measures, the directors are satisfied that budget assumptions are being met.

### Principal risks and uncertainties

The level of business is affected by exchange rate movements and other major external factors such as war and terrorism. Exchange rates are monitored with a view to trying to minimise exchange rate risk where practicable.

### Future developments

The directors aim to maintain the management policies which have resulted in the Company's and the Group's results for the year. The directors believe that acceptable levels of operating profitability will be delivered in 2017.

By order of the board



**DID Howie**  
Director

14 Grosvenor Place  
London  
SW1X 7HH

28 September 2017

## Directors' Report

The directors present their report together with the financial statements and the independent auditor's report for the year ended 31 December 2016. A summary of the financial performance and position of the company is discussed in the strategic report.

### Financial instruments

Details of the Group's financial management objectives and policies are included in note 21 to the financial statements.

### Directors and directors' interests

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

DID Howie  
A Chapman

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company (2015: *£nil*).

### Political and charitable contributions

Donations to New Zealand and UK charities amounted to £8,901 for the year ended 31 December 2016 (2015: £5,062). Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure in the year (2015: *£nil*).

### Employee Involvement

Within the bounds of commercial confidentiality staff at all levels are kept fully informed of matters that affect the progress of the Group and are of interest to them as employees.

### Disabled Employees

Disabled employees are given full and fair consideration for all types of vacancy. If an existing employee becomes disabled, such steps as are practical and reasonable are taken to retain him/her in employment. Where appropriate, assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, except insofar as such opportunities are constrained by the practical limitations of their disability.

### Disclosure of information to 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 they ought to have taken as a director to make themselves 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 auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



DID Howie  
Director

14 Grosvenor Place  
London  
SW1X 7HH

28 September 2017

## **Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements**

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.



KPMG LLP

1 St Peter's Square

Manchester

M2 3AE

United Kingdom

## **Independent auditor's report to the members of Insight Group Limited**

We have audited the financial statements of Insight Group Limited for the year ended 31 December 2016 set out on pages 7 to 35. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

## **Independent auditor's report to the members of Insight Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



**Will Baker (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 St Peter's Square  
Manchester  
M2 3AE

*28th September 2017*

**Consolidated Statement of Comprehensive Income**  
*for year ended 31 December 2016*

	Note	2016 £	2015 £
Revenue	2	119,661,276	112,972,304
Cost of sales		(80,735,242)	(78,236,661)
<b>Gross profit</b>		<b>38,926,034</b>	<b>34,735,643</b>
Other operating expenses	3	(5,374,491)	(4,458,613)
Distribution expenses	3	(12,532,333)	(10,557,180)
Administrative expenses	3,4	(16,046,326)	(13,676,603)
<b>Operating profit</b>		<b>4,972,884</b>	<b>6,043,247</b>
Finance income	7	386,959	429,351
Finance expense	7	(3,493)	(3,117)
<b>Profit before tax</b>		<b>5,356,350</b>	<b>6,469,481</b>
Income tax expense	8	(1,899,851)	(1,916,089)
<b>Profit for the year</b>		<b>3,456,499</b>	<b>4,553,392</b>
<b>Other comprehensive income</b>			
<i>Items that are or may be reclassified subsequently to Profit or loss:</i>			
Foreign currency translation differences		3,166,407	110,131
<b>Total comprehensive income for the year</b>		<b>6,622,906</b>	<b>4,663,523</b>

All results relate to continuing operations.

The notes on pages 10 to 35 form an integral part of these consolidated financial statements.



## Consolidated and Company Statements of Financial position

at 31 December 2016

	Note	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
<b>Non-current assets</b>					
Property, plant and equipment	9	3,201,927	2,704,620	-	-
Investments in subsidiaries	10	-	-	2,282,754	2,282,754
Amounts due from related parties	12	5,039,555	8,830,213	-	-
Deferred tax assets	18	164,497	148,873	-	-
		<u>8,405,979</u>	<u>11,683,706</u>	<u>2,282,754</u>	<u>2,282,754</u>
<b>Current assets</b>					
Tax receivables		2,113,924	6,591,846	-	-
Trade and other receivables	11	13,236,142	5,728,107	-	-
Amounts due from related parties	12	49,847,186	41,622,790	62,110	62,110
Cash and cash equivalents	13	57,217,810	46,133,789	-	-
		<u>122,415,062</u>	<u>100,076,532</u>	<u>62,110</u>	<u>62,110</u>
<b>Total assets</b>		<u>130,821,041</u>	<u>111,760,238</u>	<u>2,344,864</u>	<u>2,344,864</u>
<b>Non-current liabilities</b>					
Amounts due to related parties	16	(972,696)	(1,089,350)	-	-
Deferred tax liabilities	18	(47,878)	(41,736)	(1,444)	(1,444)
		<u>(1,020,574)</u>	<u>(1,131,086)</u>	<u>(1,444)</u>	<u>(1,444)</u>
<b>Current liabilities</b>					
Overdrafts	13	(420,031)	(229,641)	-	-
Trade and other payables	15	(8,676,947)	(6,448,479)	-	-
Amounts due to related parties	16	(30,233,387)	(20,055,335)	(40,100)	(40,100)
Deferred income	17	(53,028,559)	(47,722,860)	-	-
Tax payable		(2,623,565)	(7,977,765)	-	-
		<u>(94,982,489)</u>	<u>(82,434,080)</u>	<u>(40,100)</u>	<u>(40,100)</u>
<b>Total liabilities</b>		<u>(96,003,063)</u>	<u>(83,565,166)</u>	<u>(41,544)</u>	<u>(41,544)</u>
<b>Net assets</b>		<u>34,817,978</u>	<u>28,195,072</u>	<u>2,303,320</u>	<u>2,303,320</u>
<b>Equity</b>					
Share capital	20	11,059,492	11,059,492	11,059,492	11,059,492
Share premium		6,617	6,617	6,617	6,617
Other reserves		5,937,295	2,770,888	300,000	300,000
Retained earnings		17,814,574	14,358,075	(9,062,789)	(9,062,789)
<b>Total equity</b>		<u>34,817,978</u>	<u>28,195,072</u>	<u>2,303,320</u>	<u>2,303,320</u>

The notes on pages 10 to 35 form an integral part of these consolidated financial statements.

These financial statements were approved by the board of directors on 28 September 2017 and were signed on its behalf by:

  
**DID Howie**  
Director

**Consolidated Statement of Changes in Equity**  
*for the year ended 31 December 2016*

	Share capital £	Share premium £	Other reserves £	Translation reserve £	Retained earnings £	Total Equity £
Balance at 1 January 2015	11,059,492	6,617	1,820,001	840,756	9,804,683	23,531,549
Profit for the year	-	-	-	-	4,553,392	4,553,392
Foreign currency translation	-	-	-	110,131	-	110,131
Other comprehensive loss	-	-	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>11,059,492</b>	<b>6,617</b>	<b>1,820,001</b>	<b>950,887</b>	<b>14,358,075</b>	<b>28,195,072</b>
Balance at 1 January 2016	11,059,492	6,617	1,820,001	950,887	14,358,075	28,195,072
Profit for the year	-	-	-	-	3,456,499	3,456,499
Foreign currency translation	-	-	-	3,166,407	-	3,166,407
<b>Balance at 31 December 2016</b>	<b>11,059,492</b>	<b>6,617</b>	<b>1,820,001</b>	<b>4,117,294</b>	<b>17,814,574</b>	<b>34,817,978</b>

**Company Statement of Changes in Equity**  
*for the year ended 31 December 2016*

	Share capital £	Share premium £	Other reserves £	Retained Earnings £	Total parent Equity £
Balance at 1 January 2015 and 31 December 2015	11,059,492	6,617	300,000	(9,062,789)	2,303,320
<b>Balance at 1 January 2016 and 31 December 2016</b>	<b>11,059,492</b>	<b>6,617</b>	<b>300,000</b>	<b>(9,062,789)</b>	<b>2,303,320</b>

The notes on pages 10 to 35 form an integral part of these consolidated financial statements

## Consolidated and Company Statements of Cash Flows

*For the year ended 31 December 2016*

	Note	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Cash flows from operating activities</b>					
Profit for the year		3,456,499	4,553,392	-	-
Adjustments for:					
Depreciation	9	712,757	619,967	-	-
Financial income	7	(386,959)	(429,351)	-	-
Financial expense	7	3,493	3,117	-	-
(Gain)/Loss on sale of property, plant and equipment		(418)	(19,606)	-	-
Taxation expense	8	1,748,526	1,916,089	-	-
Unrealised foreign exchange gains and Losses		(4,709,092)	1,998,705	-	-
<b>Profit before changes in working capital</b>		<b>824,806</b>	<b>8,642,313</b>	<b>-</b>	<b>-</b>
(Increase)/decrease in trade and other receivables		(11,941,773)	(8,433,738)	-	-
Increase/(decrease) in trade and other payables		17,712,219	5,431,748	-	-
<b>Cash generated from/(used in) operations</b>		<b>6,595,252</b>	<b>5,640,323</b>	<b>-</b>	<b>-</b>
Interest paid	7	(3,493)	(3,117)	-	-
Tax paid		(2,634,287)	(153,901)	-	-
<b>Net cash generated from/(used in) operating activities</b>		<b>3,957,472</b>	<b>5,483,305</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities</b>					
Proceeds on property, plant and equipment		2,672	280,451	-	-
Purchase of property, plant and equipment	9	(1,108,226)	(715,418)	-	-
Interest received	7	386,959	429,351	-	-
<b>Net-cash (used in)/from investing activities</b>		<b>(718,595)</b>	<b>(5,616)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>					
Decrease in long term loans due to related parties		(116,653)	(49,321)	-	-
<b>Net cash used in financing activities</b>		<b>(116,653)</b>	<b>(49,321)</b>	<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		3,122,244	5,428,368	-	-
Cash and cash equivalents at 1 January		45,904,148	42,371,203	-	-
Effect of exchange rate changes on cash and cash equivalents		7,771,407	(1,895,423)	-	-
<b>Cash and cash equivalents at 31 December</b>		<b>56,797,779</b>	<b>45,904,148</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents consist of:					
Cash and cash equivalents	13	57,217,810	46,133,789	-	-
Bank overdrafts	13	(420,031)	(229,641)	-	-
		<b>56,797,779</b>	<b>45,904,148</b>	<b>-</b>	<b>-</b>

The notes on pages 10 to 35 form an integral part of these consolidated, financial statements.

## Notes

### *(Forming part of the financial statements)*

#### **1 Accounting policies**

Insight Group Limited ("Insight") was incorporated in the UK in 1898 and its registered office is 14 Grosvenor Place, London, SW1X 7HH.

#### ***Basis of preparation***

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). On publishing the Parent Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income, and related notes that form a part of these approved financial statements.

The consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

The financial statements have been prepared on the historical cost basis. These financial statements are presented in UK Sterling Pound ("£"), which is the group's functional currency. All financial information presented in £ has been rounded to the nearest Pound.

#### ***Going concern***

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 1.

In addition, notes 1 and 21 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

#### ***Basis of consolidation***

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements include Insight Group Limited and its significantly controlled subsidiaries. The results of the subsidiaries are included from the effective dates of control until the effective dates of loss of control.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Insight Group Limited. All inter-company transactions, balances, income and expenses are eliminated upon consolidation.

#### ***Revenue***

Revenue represents the invoice value, excluding value added tax, of services rendered to third parties. Turnover arose largely from travel agency activities, tour operating and the income earned from the provision of administrative services.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Foreign currency***

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Gains or losses resulting from foreign currency translation upon consolidation are taken to the statement of changes in equity and recorded in the non-distributable foreign currency translation reserve.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations and fair value adjustments arising on consolidation are translated at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

#### ***Financial instruments***

##### ***Non-derivative financial instruments***

Financial instruments carried on the statement of financial position include cash and cash equivalents, amounts due to/from related parties, trade and other receivables, bank overdraft, trade and other payables and taxes payable and receivable. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through statement of comprehensive income, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the Group has become a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligation specified in the contract expire or are discharged or cancelled.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the financial instrument is impaired.

##### ***Investments at fair value through profit or loss***

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

##### ***Intra-group financial instruments***

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

##### ***Property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Property, plant and equipment*

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

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:

- |   |                            |
|---|----------------------------|
| • freehold property                             | 2% per annum               |
| • short leasehold property                      | over the term of the lease |
| • fittings, office equipment and motor vehicles | 3 to 10 years on cost      |

#### *Leased assets*

Assets held under finance leases and hire purchase contracts are capitalised in the statement of financial position under property, plant and equipment and are depreciated over their expected useful lives. The capital element of the future payments is treated as a liability and the interest is charged to the statement of income at a constant rate based on the balance of capital prepayments outstanding.

#### *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 Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

#### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

#### *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.

##### *Finance lease payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

##### *Net financing costs*

Net financing costs comprise interest payable, finance charges on finance leases, interest receivable on funds invested, dividend income, foreign exchange gains and losses that are recognised in the statement of comprehensive income.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Employee entitlements***

##### ***Defined benefit plans***

Certain of the Group's UK subsidiaries participate in a group defined benefit pension scheme, which was closed to new members from 30 April 2004. The assets of the scheme are held separately from those of the Company in separate trustee administered funds. The pension scheme is a group plan and Insight Group 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 Group participated in a group defined contribution scheme. 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.

#### ***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 enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### ***Deferred taxes***

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 reporting 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.

#### ***Provisions***

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### ***Critical accounting judgements and estimates***

Critical accounting estimates are those which involve the most complex and subjective judgements or assessments. The determination of these items requires management to make judgements based on information and financial data that may change in future periods.

##### ***Property, plant and equipment***

Property, plant and equipment are depreciated over their useful lives. Useful lives are based on management's estimates of the period over which the assets will generate revenue, and are periodically reviewed for continued appropriateness. Due to the long lives of certain assets, changes to the estimates used can result in significant variations in the carrying value.

The Group and Company assess the impairment of property, plant and equipment subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- significant underperformance relative to historical or projected future operating results;

## Notes (continued)

### 1 Accounting policies (continued)

#### *Critical accounting judgements and estimates (continued)*

- significant changes in the manner of the use of the acquired assets or the strategy for the overall business; and
- significant negative industry or economic trends.

The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group and Company's accounting estimates in relation to property, plant and equipment and intangible assets affect the amounts reported in the financial statements, especially the estimates of the expected useful economic lives and the carrying values of those assets. If business conditions were different, or if different assumptions were used in the application of this and other accounting estimates, it is likely that materially different amounts could be reported in the Group and Company's financial statements.

#### **Changes in accounting policy and disclosures**

##### *New and amended standards adopted by the group*

The following standards were adopted by the group for the first time during the financial year beginning 1 January 2016 and had no significant financial impact:

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

##### *New standards and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations that are not yet effective have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2016. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI rather than recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.



## Notes (continued)

### 1 Accounting policies (continued)

#### *New standards and interpretations not yet adopted (continued)*

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes 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 replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of IFRS 15.

IFRS 16 Leases: issued in January 2016 with an effective date of 1 January 2019, is not yet EU endorsed. This standard eliminates the current IAS 17 dual accounting model which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases, and instead introduces a single on-balance sheet accounting model that is similar to current finance lease accounting. Management are currently in the process of assessing the potential impact of the adoption of this standard.

### 2 Revenue

	2016 £	2015 £
Tour revenue	96,402,910	92,813,864
Management fee	10,856,463	8,823,700
Other (rentals etc.)	12,401,903	11,334,740
	<u>119,661,276</u>	<u>112,972,304</u>

### 3 Expense

Included in profit are the following:

Group	2016 £	2015 £
Salaries and wages	17,895,808	15,707,990
Pension cost	524,818	597,286
Depreciation of property, plant and equipment	712,757	619,967
(Gain)/Loss on disposal of property, plant and equipment	418	(19,606)
Operating lease charges	582,589	278,131
	<u>19,716,380</u>	<u>17,303,768</u>

### 4 Auditor's remuneration

Group	2016 £	2015 £
Audit of these financial statements	7,500	7,500
<i>Amounts receivable by the company's auditor and its associates in respect of:</i>		
Audit of financial statements of subsidiaries of the company	234,215	222,963
Other tax advisory services	25,364	82,823
All other services	2,799	2,668
	<u>262,578</u>	<u>312,954</u>

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the Group during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Sales and services	138	181
Administration	266	258
	<u>404</u>	<u>439</u>

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries	16,782,470	14,714,441
Social security costs	1,113,338	993,549
Other pension costs	524,818	597,286
	<u>18,420,626</u>	<u>16,305,276</u>

The company has no employees.

### 6 Remuneration of directors

	2016 £	2015 £
Directors' emoluments	<u>113,396</u>	<u>104,136</u>

	Number of directors	
	2016	2015
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	<u>2</u>	<u>2</u>

### 7 Finance income and expense

	2016 £	2015 £
<b>Finance income</b>		
Interest income	368,487	540,118
Loss on collars	18,472	(110,767)
<b>Total finance income</b>	<u>386,959</u>	<u>429,351</u>
<b>Finance expense</b>		
Finance charges	(3,493)	(3,117)
<b>Total finance expense</b>	<u>(3,493)</u>	<u>(3,117)</u>

## Notes (continued)

### 8 Income tax expense

#### Recognised in the statement of comprehensive income

	2016 £	2015 £
<b>Current tax expense</b>		
Current year	1,890,369	1,822,241
	<u>1,890,369</u>	<u>1,822,241</u>
<b>Deferred taxation</b>		
Origination and reversal of temporary differences (note 18)	9,482	93,848
	<u>9,482</u>	<u>93,848</u>
<b>Total tax in statement of comprehensive income</b>	<u><u>1,899,851</u></u>	<u><u>1,916,089</u></u>

#### Reconciliation of effective tax rate

	2016 £	2015 £
Profit before tax	5,356,350	6,469,481
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	1,071,270	1,310,070
Effect of differences in overseas tax rates on subsidiaries	363,290	538,834
Non-deductible expenses	46,267	24,460
Effect of tax losses utilised	(29,368)	(26,937)
Over/(under) provided in prior years	438,910	(24,186)
Deferred tax recognised in the year	9,482	93,848
Non-taxable income	-	-
<b>Total tax in statement of comprehensive income</b>	<u><u>1,899,851</u></u>	<u><u>1,916,089</u></u>

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was 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, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly. The deferred tax liability at 31 December 2016 has been calculated based on these rates.

## Notes (continued)

### 9 Property, plant and equipment – Group

	Freehold property £	Short term leasehold property £	Fixtures, office equipment, motor vehicles £	Total £
<b>Cost</b>				
Balance at 1 January 2015	693,262	610,531	4,544,488	5,848,281
Acquisitions	-	181,109	534,309	715,418
Disposals	-	-	(872,706)	(872,706)
Effect of movement in foreign exchange rates	-	757	76,003	76,760
<b>Balance at 31 December 2015</b>	<b>693,262</b>	<b>792,397</b>	<b>4,282,094</b>	<b>5,767,753</b>
Balance at 1 January 2016	693,262	792,397	4,282,094	5,767,753
Acquisitions	-	61,385	1,046,841	1,108,226
Disposals	-	-	(177,804)	(177,804)
Effect of movement in foreign exchange rates	-	76,003	357,607	433,610
<b>Balance at 31 December 2016</b>	<b>693,262</b>	<b>929,785</b>	<b>5,508,738</b>	<b>7,131,785</b>
<b>Depreciation and impairment</b>				
Balance at 1 January 2015	146,986	383,234	2,454,897	2,985,117
Depreciation charge for the year	13,865	35,577	570,525	619,967
Disposals	-	-	(611,859)	(611,859)
Effect of movement in foreign exchange rates	-	1,910	67,998	69,908
<b>Balance at 31 December 2015</b>	<b>160,851</b>	<b>420,721</b>	<b>2,481,561</b>	<b>3,063,133</b>
Balance at 1 January 2016	160,851	420,721	2,481,561	3,063,133
Transfer	9,534	-	(9,534)	-
Depreciation charge for the year	13,867	84,155	614,735	712,757
Disposals	-	-	(175,550)	(175,550)
Effect of movement in foreign exchange rates	-	28,499	301,019	329,518
<b>Balance at 31 December 2016</b>	<b>184,252</b>	<b>533,375</b>	<b>3,212,231</b>	<b>3,929,858</b>
<b>Net book value</b>				
At 1 January 2015	546,276	227,297	2,089,591	2,863,164
At 31 December 2015 and 1 January 2016	532,411	371,676	1,800,533	2,704,620
<b>At 31 December 2016</b>	<b>509,010</b>	<b>396,410</b>	<b>2,296,507</b>	<b>3,201,927</b>

#### Leased plant and machinery

At 31 December 2016 the net carrying amount of leased plant and machinery was nil (2015: £nil).

#### Security

None of the assets are pledged as security.

## Notes (continued)

### 10 Investments in subsidiaries

The Company has the following investments in subsidiaries:

			2016 £	2015 £
Investment in subsidiaries			<u>2,282,754</u>	<u>2,282,754</u>
	Country of incorporation	Class of shares held	Ownership	
<i>Company</i>			2016	2015
Insight International Tours Limited	Scotland	Ordinary	100%	100%
Evan Evans Tours Limited	England and Wales	Ordinary	100%	100%
Evan Evans Transport Limited	England and Wales	Ordinary	100%	100%
Insight Vacations Limited	Scotland	Ordinary	100%	100%
Insight Travel Services Limited	England and Wales	Ordinary	100%	100%
Busabout (UK) Limited	England and Wales	Ordinary	100%	100%
<i>Group</i>				
Insight International Tours Limited	Scotland	Ordinary	100%	100%
Insight Vacations Inc.	USA	Ordinary	100%	100%
Destination America Inc.	USA	Ordinary	100%	100%
TravCorp U.S.A Inc.	USA	Ordinary	100%	100%
Destination America Tours Ltd	Canada	Ordinary	100%	100%
Insight Vacations Pty Limited	Australia	Ordinary	100%	100%
Insight Vacations (NZ) Limited	New Zealand	Ordinary	100%	100%
The Travel Corporation (2011) Pte Limited	Singapore	Ordinary	100%	100%
Insight Vacations (Canada) Limited	Canada	Ordinary	100%	100%
Evan Evans Tours Limited	England and Wales	Ordinary	100%	100%
Evan Evans Transport Limited	England and Wales	Ordinary	100%	100%
Insight Vacations Limited	Scotland	Ordinary	100%	100%
Insight Travel Services Limited	England and Wales	Ordinary	100%	100%
Busabout (UK) Limited	England and Wales	Ordinary	100%	100%
Radical Travel Group Limited	Scotland	Ordinary	100%	100%
Morag's Lodges Limited	Scotland	Ordinary	100%	100%
Shamrock Adventures Limited	Republic of Ireland	Ordinary	100%	100%

## Notes (continued)

### 11 Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade receivables	1,557,860	1,049,949	-	-
Other debtors	1,738,702	955,301	-	-
Prepayments and accrued income	9,939,580	3,722,857	-	-
	<u>13,236,142</u>	<u>5,728,107</u>	<u>-</u>	<u>-</u>

Also included in the balances above are the following UK sterling equivalent debtors held in other currencies.

	2016	2015
	£	£
Euro	5,036	6,533
Canadian dollars	336,338	246,115
US dollars	3,114,542	2,906,581
Singapore dollars	608,446	443,825
Australian dollars	6,976,212	974,561
New Zealand dollars	21,697	90,587

An analysis of related party transactions is given in note 23.

### 12 Amounts due from related parties – current

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
<b>Due from related parties</b>				
Trafalgar Tours USA Inc	-	341,245	-	-
801 East Katella Inc	2,751,043	2,397,992	-	-
Brendan Vacations Inc	-	3,235	-	-
Insight Travel Group Ltd	35,537,496	25,040,075	-	-
Travcorp Management Services Ltd	488,406	554,846	-	-
Trafalgar Tours International Ltd	2,443,709	2,138,843	-	-
TTC Travel Group Ltd	-	268,414	-	-
Busabout Operations Ltd	167,937	238,698	-	-
Uniworld River Cruises Inc	1,417,291	886,169	-	-
Tracoin Services Limited	222,184	216,758	-	-
Contiki (US) Holdings Inc	399,217	696,253	-	-
African Travel (2003) Inc	42,700	37,347	-	-
Contiki Tours International Ltd	-	108,591	-	-
Creative Tours PTY Ltd	-	68,624	-	-
Insight Vacations Ltd	-	773	62,110	62,110
Other related companies	6,377,203	8,624,927	-	-
	<u>49,847,186</u>	<u>41,622,790</u>	<u>62,110</u>	<u>62,110</u>

## Notes (continued)

### 12 Amounts due from related parties - current (continued)

Included in the above balances are the following UK sterling equivalent balances held in other currencies.

Due from	Group	
	2016 £	2015 £
Canadian dollars	1,292	5,551
US dollars	44,320,221	37,575,266
Australian dollars	1,472,638	1,247,571
New Zealand dollars	1,628,760	69,522
Euro	-	-

£5,039,555 (2015: £8,830,213) is due from related parties to the Group which is expected to be settled in more than 12 months.

### 13 Cash and cash equivalents

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Cash per statement of financial position	57,217,810	46,133,789	-	-
Overdraft	(420,031)	(229,641)	-	-
Cash and cash equivalents per statement of cash flows	56,797,779	45,904,148	-	-

Included in the Group cash at bank balances are the following UK sterling equivalent balances held in other currencies:

	Group	
	2016	2015
Euro	671,063	4,151
Canadian dollars	4,007,433	2,999,396
US dollars	11,262,109	6,263,064
Singapore dollars	1,369,112	1,287,980
Australian dollars	31,327,596	26,158,884
New Zealand dollars	2,819,853	3,853,764
Swiss Francs	107,408	191,551

### 14 Other Interest Bearing Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings which are held on the statement of financial position within trade and other payables. For more information about the Group's exposure to interest rate and foreign currency risk, see note 21.

	2016 £	2015 £
<b>Non-current liabilities</b>		
Finance lease liabilities	-	-
<b>Current liabilities</b>		
Finance lease liabilities	-	-

## Notes (continued)

### 14 Other Interest Bearing Loans and Borrowings (continued)

#### Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum lease payments 2016 £	Interest 2016 £	Principal 2016 £	Minimum Lease payments 2015 £	Interest 2015 £	Principal 2015 £
Less than one year	-	-	-	-	-	-
Between one and five years	-	-	-	-	-	-
More than five years	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 15 Trade and Other Payables

	2016 £	Group 2015 £	Company 2016 £	2015 £
Other trade payables	4,009,891	1,787,581	-	-
Non-trade payables and accrued expenses	4,667,056	4,660,898	-	-
	<u>8,676,947</u>	<u>6,448,479</u>	<u>-</u>	<u>-</u>
	<u>8,676,947</u>	<u>6,448,479</u>	<u>-</u>	<u>-</u>

Also included in the balances above are the following UK sterling equivalent creditors held in other currencies:

	2016 £	Group 2015 £
Euro	57,310	60,160
Canadian dollars	222,364	139,297
US dollars	3,989,179	2,753,590
Singapore dollars	2,646,112	1,685,904
Australian dollars	259,561	441,687
New Zealand dollars	98,460	107,349
	<u>98,460</u>	<u>107,349</u>
	<u>98,460</u>	<u>107,349</u>

An analysis of related party transactions is given in note 23.



## Notes (continued)

### 16 Amounts due to related parties

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
<b>Due to related parties</b>				
Insight Travel Group Ltd	24,201,708	14,211,215	-	-
Trafalgar Tours West inc	850,706	739,146	-	-
Travcorp Financial Services Ltd	45,000	244,711	-	-
AAT Kings Tours (UK) Limited	-	127	-	-
Contiki Holidays (NZ) Ltd	-	11,079	-	-
TTC Travel Group Ltd	2,361,083	3,207,790	-	-
Contiki (US) Holdings inc	4,465	1,922	-	-
Grand European Tours (2003) inc	85,670	136,912	-	-
Travcorp Management Services Ltd	30,569	15,525	-	-
Trafalgar Tours International Ltd	1,836,603	1,784,608	-	-
Travel Corporation Canada Ltd	243,250	133,899	-	-
Trafalgar Tours (NZ) Ltd	158,313	4,969	-	-
TTC Consol PTY Ltd	187,729	352,196	-	-
Travel Corporation Asia Ltd	-	190,297	-	-
Other related companies	1,200,987	110,287	-	-
Insight Group companies	-	-	40,100	40,100
	<u>31,206,083</u>	<u>21,144,683</u>	<u>40,100</u>	<u>40,100</u>

£972,696 (2015: £1,089,350) is due to related parties to the Group which is expected to be settled in more than 12 months

Also included in the above balances are the following UK sterling equivalent balances held in other currencies:

	Group	
	2016	2015
	£	£
Canadian dollars	1,515,548	1,360,486
US dollars	25,794,348	9,580,024
Singapore dollars	1,669,338	37,319
Australian dollars	369,389	8,173,149
New Zealand dollars	242,359	432,378
Euros	197	-
	<u></u>	<u></u>

### 17 Deferred income

	Group	
	2016	2015
	£	£
Deferred income	53,028,559	47,722,860
	<u></u>	<u></u>

Deferred income, classified as current, consists of payments received in advance for tours due to depart in the next financial year. The movement in deferred income in the year is due to the changes in deadline dates for the early payment discount.

## Notes (continued)

### 18 Deferred tax assets and liabilities

#### Group

##### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£
Property, plant and equipment	164,497	148,873	(47,878)	(41,736)	116,619	107,137
<b>Total tax assets/(liabilities)</b>	<b>164,497</b>	<b>148,873</b>	<b>(47,878)</b>	<b>(41,736)</b>	<b>116,619</b>	<b>107,137</b>

##### Movement in deferred tax during the year

	1 January 2016	Recognised in income	31 December 2016
	£	£	£
Property, plant and equipment	107,137	9,482	116,619
	<u>107,137</u>	<u>9,482</u>	<u>116,619</u>

##### Movement in deferred tax during the prior year

	1 January 2015	Recognised in income	31 December 2015
	£	£	£
Property, plant and equipment	200,985	(93,848)	107,137
	<u>200,985</u>	<u>(93,848)</u>	<u>107,137</u>

#### Company

##### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£
Property, plant and equipment	-	(1,444)	(1,444)	(1,444)	(1,444)	(1,444)
<b>Total tax assets/(liabilities)</b>	<b>-</b>	<b>(1,444)</b>	<b>(1,444)</b>	<b>(1,444)</b>	<b>(1,444)</b>	<b>(1,444)</b>

## Notes (continued)

### 19 Profit sharing plan and pension fund

#### Profit Sharing Plan

Insight Vacations Inc, together with Contiki US Holdings Inc, Trafalgar Tours USA and Trafalgar Tours West Inc, fellow subsidiaries of the Parent, has a profit sharing plan qualified under Section 401(k) of the Internal Revenue Code of 1986 (the "401(k) plan"). Contributions to the 401(k) Plan for eligible employees are funded solely through participant's salary reduction elections.

#### Pension plans

The company contributes to a group pension scheme. The scheme comprises a group plan defined benefit scheme, which was closed to new members from 30 April 2004 and closed to further accrual from 1 May 2011, and a group plan defined contribution scheme, which was opened on 1 May 2004.

The assets of the scheme are held in separate trustee administered funds. The full actuarial valuation of the scheme is included below, however the defined benefit group plan is accounted for as a defined contribution scheme in Insight Group Limited, as there is no contractual agreement allocating the cost of the scheme between entities.

During the year ended 31 December 2016 £113,012 was charged against profits in respect of the defined benefit scheme (2015: £113,012), and £158,809 was charged against profits in respect of the defined contribution scheme (2015: £153,364).

	2016	2015
	£000	£000
Present value of funded defined benefit obligations	44,327	34,802
Fair value of plan assets	(25,295)	(21,420)
Net liability	<u>19,032</u>	<u>13,382</u>

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

	2016	2015
	£000	£000
Liability for defined benefit obligations at 1 January	34,802	36,797
Interest cost	1,279	1,233
Benefits paid by the plan	(489)	(1,082)
Actuarial losses/(gains) recognised in equity	8,735	(2,146)
Liability for defined benefit obligations at 31 December	<u>44,327</u>	<u>34,802</u>

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

	2016	2015
	£000	£000
Fair value of plan assets at 1 January	21,420	21,248
Employer contributions	799	810
Interest cost	820	718
Benefits paid by the plan	(489)	(1,082)
Actuarial gains recognised in equity	2,745	(274)
Fair value of plan assets at 31 December	<u>25,295</u>	<u>21,420</u>

## Notes (continued)

### 19 Profit sharing plan and pension fund (continued)

#### Pension plans (continued)

##### Expense recognised in statement of comprehensive income

	2016	2015
	£000	£000
Interest cost	480	515
	<u>480</u>	<u>515</u>

##### Plan assets consist of the following:

	2016	2015
	£000	£000
Equity securities	10,970	15,346
Bonds	10,331	4,052
Property	3,438	1,325
Cash	556	697
	<u>25,295</u>	<u>21,420</u>

	2016	2015
	£000	£000
Actual return on plan assets	<u>3,544</u>	<u>443</u>

##### Actuarial assumptions:

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

	2016	2015
	%	Restated %
Discount rate	2.6	3.7
Future salary increases	3.3	3.2
Future pension increases on benefits accrued from 1997 to 2008	3.8	3.8
Future pension increases on benefits accrued post 2008	3.3	3.2
Rate of increase on deferred pensions	2.3	2.2
Retail Price Inflation - pre-retirement	3.3	3.2
Retail Price Inflation - post-retirement	3.6	3.5
Consumer Price Inflation - pre-retirement	<u>2.3</u>	<u>2.2</u>

## Notes (continued)

### 19 Profit sharing plan and pension fund (continued)

#### Pension plans (continued)

##### History of plans

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

	2016	2015	2014	2013	2012
	£000	Restated £000	£000	£000	£000
Present value of the defined benefit obligation	(44,327)	(34,802)	(36,797)	(30,474)	(29,745)
Fair value of plan assets	25,295	21,420	21,248	20,100	17,243
Deficit in the plan	(19,032)	(13,382)	(15,549)	(10,374)	(12,502)
Experience adjustments on plan liabilities	0.4%	1.0%	(0.3)%	(0.3)%	(1.9)%
Experience adjustments on plan assets	10.9%	(1.3)%	0.4%	8.6%	6.1%

### 20 Share capital

	Ordinary shares	
	2016	2015
On issue at 1 January and 31 December	11,059,492	11,059,492
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	10,771,275	10,771,275
Cumulative preference shares of £1 each	288,217	288,217

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The 3.5% cumulative shares are non-participating and non-redeemable. The majority holder of the cumulative preference shares has waived all rights to a dividend until such time as the notice of waiver is revoked. The dividend on the remainder of these shares is fifteen years in arrears in the sum of £28,843 (year ended 2015: £27,242).

#### Rights of the holders of the Cumulative Preference Shares

Any profits on the Company deemed as available for distribution shall first be applied in paying the fixed cumulative preference dividend. On any return of capital being made, the holders of the Cumulative Preference Shares shall be entitled to receive in full the amounts paid up on the participation in the profits or assets of the Company, they shall not be entitled to receive any notice of or attend any General Meeting of the Company unless the business of the meeting includes the consideration of a resolution to wind up the Company or to sanction the sales of the undertaking of the Company or to vary any of the special rights attached to the Shares or where any dividend or part thereof is more than six months in arrears.

## Notes (continued)

### 21 Financial instruments

The Group and Company are exposed to the following risks from its use of financial instruments:

- a) credit risk
- b) liquidity risk
- c) market risk

This note presents information about the Group and Company's exposure to each of the above risks, and their objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment, development and monitoring of the Group's and Company's risk management framework.

The Group's and Company's risk management policies are established to identify and analyse the risks they face, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's and Company's activities. The Group and Company, through training and management standards and procedures aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### *Credit risk*

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group and Company receivables from customers and investment securities.

The Directors consider that the Group and Company are not exposed to any significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

#### *Exposure to credit risk:*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was therefore as follows:

Group	2016 £	2015 £
Trade receivables	1,557,860	1,049,949
Amounts due from related parties	49,847,186	41,622,790
Cash and cash equivalents	56,797,779	46,133,789
	<u>108,202,825</u>	<u>88,809,528</u>
	<u><u>108,202,825</u></u>	<u><u>88,809,528</u></u>
 Company	 2016 £	 2015 £
Amounts due from related parties	62,110	62,110
	<u>62,110</u>	<u>62,110</u>
	<u><u>62,110</u></u>	<u><u>62,110</u></u>

## Notes (continued)

### 21 Financial instruments (continued)

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

Group	2016 £	2015 £
Euro-zone		-
UK	1,064,534	695,096
USA	451,331	277,654
Canada	7,646	6,633
Australia	34,349	(347)
Singapore	-	-
New Zealand	-	73,914
	<u>1,557,860</u>	<u>1,052,950</u>

The Company has no trade receivables.

The maximum exposure to credit risk for amounts due from related parties at the reporting date by geographic region was:

Group	2016 £	2015 £
UK	2,424,275	2,724,879
Euro	-	-
USA	44,320,221	37,575,266
Canada	1,292	5,551
Australia	1,472,638	1,247,571
New Zealand	1,628,760	69,522
	<u>49,847,186</u>	<u>41,622,789</u>

Company	2016 £	2015 £
UK	<u>62,110</u>	<u>62,110</u>

#### Impairment losses:

The ageing of trade receivables at the reporting date was:

Group	Gross 2016 £	Impairment 2016 £	Gross 2015 £	Impairment 2015 £
Not past due	1,370,674	-	614,843	-
Past due 0-30 days	140,261	-	284,437	-
Past due 31-120 days	46,926	-	153,669	-
More than one year	-	-	-	-
	<u>1,557,861</u>	<u>-</u>	<u>1,052,949</u>	<u>-</u>

*Impairment losses (continued)*

The ageing of amounts due from related parties' receivables at the reporting date was:

Company	Gross 2016 £	Impairment 2016 £	Gross 2015 £	Impairment 2015 £
Not past due	62,110	-	62,110	-
	<u>62,110</u>	<u>-</u>	<u>62,110</u>	<u>-</u>

Liquidity risk is the risk that the Group or Company will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group or the Company's reputation.

Group

Group	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
31 December 2016	£	£	£	£	£	£	£
<i>Non-derivative financial liabilities</i>							
Finance lease liabilities	-	-	-	-	-	-	-
Trade payables	(4,009,891)	(4,009,891)	(4,009,891)	-	-	-	-
Amounts due to related parties	(31,206,083)	(31,206,083)	(30,233,387)	-	(972,696)	-	-
<b>Total</b>	<b>(35,215,974)</b>	<b>(35,215,974)</b>	<b>(34,243,278)</b>	<b>-</b>	<b>(972,696)</b>	<b>-</b>	<b>-</b>



## Notes (continued)

### 21 Financial instruments (continued)

31 December 2015	Carrying amount £	Contractual cash flows £	6 months or less £	6-12 months £	1-2 years £	2-5 years £	More than 5 years £
<i>Non-derivative financial liabilities</i>							
Finance lease liabilities	-	-	-	-	-	-	-
Trade payables	(1,787,581)	(1,787,581)	(1,787,581)	-	-	-	-
Amounts due to related parties	(21,144,683)	(21,144,683)	(20,055,334)	-	(1,089,349)	-	-
<b>Total</b>	<b>(22,932,264)</b>	<b>(22,932,264)</b>	<b>(21,842,915)</b>	<b>-</b>	<b>(1,089,349)</b>	<b>-</b>	<b>-</b>

#### Company

31 December 2016	Carrying amount £	Contractual cash flows £	6 months or less £	6-12 months £	1-2 years £	2-5 years £	More than 5 years £
Amounts due to related parties	(40,100)	(40,100)	(40,100)	-	-	-	-

  

31 December 2015	Carrying amount £	Contractual cash flows £	6 months or less £	6-12 months £	1-2 years £	2-5 years £	More than 5 years £
Amounts due from related parties	(40,100)	(40,100)	(40,100)	-	-	-	-

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group or Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk within acceptable parameters, while optimising the return.

The Group and Company are exposed to foreign exchange risk arising from currency exposure, primarily with respect to UK Sterling, Australian dollars, Canadian dollars, Euros, South African rand and New Zealand dollars. The Company has investments in foreign entities, whose net assets are exposed to currency fluctuations. This exposure is partly managed through a natural hedge through assets acquired and borrowings denominated in the relevant foreign currencies.

The following significant exchange rates applied during the year:

	Average rate 2016	2015	Reporting date spot rate 2016	2015
Australian dollars	1.8253	2.0342	1.7065	2.0259
Canadian dollars	1.7970	1.9527	1.6571	2.0474
Euros	1.2245	1.3769	1.1715	1.3569
New Zealand dollars	1.9497	2.1907	1.7720	2.1529
Singapore dollars	1.8714	2.1001	1.8714	2.0910
US dollars	1.3559	1.5286	1.2357	1.4739

## Notes (continued)

### 21 Financial instruments (continued)

A 10% strengthening of the UK Sterling pound against the following currencies at 31 December would have increase/ (decrease) profit by the amounts shown below.

#### Group

31 December 2016	Profit/(loss) £
Canadian dollars	(213,309)
Australian dollars	(3,290,716)
US dollars	(3,222,280)
New Zealand dollars	(367,618)
Euro	(59,082)
Swiss Francs	(9,764)
Singapore dollar	(101,696)
	<hr/>
31 December 2015	Profit/(loss) £
Canadian dollars	(141,378)
Australian dollars	(2,549,713)
US dollars	(3,550,352)
New Zealand dollars	(318,725)
Euro	4,466
Swiss Francs	(17,414)
Singapore dollar	(113,848)
	<hr/>

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

Movements in foreign currency would have no effect on the results of the Company.

Interest income on cash deposits is exposed to fluctuations in the market rate of interest. Amounts due to and from related parties are interest free and consequently the Group and Company is not exposed to interest rate risk on these balances. The Group's finance lease liabilities are generally charged at a fixed rate of interest and are not exposed to interest rate risk.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge and no derivatives are entered into.

At the reporting date, the Company had no interest bearing financial instruments

	2016 £	2015 £
<b>Fixed rate instruments</b>		
Finance Leases	-	-
	<hr/>	<hr/>
<b>Variable rate instruments</b>		
Cash and cash equivalents	56,797,779	45,904,148
	<hr/>	<hr/>

#### Fair value sensitivity analysis for fixed rate instruments

The Group and Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

## Notes (continued)

### 21 Financial instruments (continued)

#### Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2015.

#### Group

	Profit/(loss)	
	1% increase £	1% decrease £
<b>31 December 2016</b>		
Variable rate instruments	570,001	(570,001)
Cash flow sensitivity	570,001	(570,001)
<b>31 December 2015</b>		
Variable rate instruments	461,338	(461,338)
Cash flow sensitivity	461,338	(461,338)

#### Fair values

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input)

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

<b>31 December 2016</b>	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Trade Receivables	-	1,557,860	-	1,557,860
Amounts due from related parties	-	49,847,186	-	49,847,186
Cash and Cash Equivalents	-	57,217,810	-	57,217,810
<b>Total</b>	-	108,622,856	-	108,622,856
<b>Liabilities</b>				
Trade Payables	-	(4,009,891)	-	(4,009,891)
Amounts due to related parties	-	(30,233,387)	-	(30,233,387)
Bank overdrafts	-	(420,031)	-	(420,031)
	-	(34,663,309)	-	(34,663,309)

## Notes (continued)

### 21 Financial instruments (continued)

31 December 2015	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Trade Receivables	-	1,052,949	-	1,052,949
Amounts due from related parties	-	41,622,790	-	41,622,790
Cash and Cash Equivalents	-	46,133,789	-	46,133,789
<b>Total</b>	-	88,809,528	-	88,809,528
<b>Liabilities</b>				
Trade Payables	-	(1,787,581)	-	(1,787,581)
Amounts due to related parties	-	(21,144,683)	-	(21,144,683)
Bank overdrafts	-	(229,641)	-	(229,641)
<b>Total</b>	-	(23,161,905)	-	(23,161,905)

The fair values of all financial assets and liabilities are equal to the carrying amounts as shown in the statement of financial position.

### 22 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land & Buildings		Plant and Machinery	
	2016	2015	2016	2015
			£	£
Less than one year	1,144,164	891,544	21,495	8,543
Between one and five years	3,301,987	3,206,191	41,357	29,152
After five years	-	-	-	-
	<u>4,446,151</u>	<u>4,097,735</u>	<u>62,852</u>	<u>37,695</u>

During the year £582,589 was recognised as an expense in the statement of comprehensive income in respect of operating leases (year ended 2015: £278,131).

The Company has no operating leases.

## Notes (continued)

### 23 Related parties

#### Group

##### *Identity of related parties*

During the year the group companies received services from other members of The Travel Corporation Limited in the ordinary course of business as follows:

	2016 £	2015 £
Tours purchased	3,635,382	3,081,788
Management services	8,389,270	1,855,770
	<u>                    </u>	<u>                    </u>

During the year the group companies provided services to other members of The Travel Corporation Limited in the ordinary course of business as follows:

	2016 £	2015 £
Tour and sightseeing sales	75,156,335	73,304,198
Management services	10,580,099	8,869,506
	<u>                    </u>	<u>                    </u>

Bank guarantees totalling NZ\$50,000 (*year ended 2015: NZ\$50,000*) for Insight Vacations (NZ) Limited have been guaranteed by Insight Travel Group Limited.

### 24 Ultimate parent company and parent company of larger group

The Company's immediate parent undertaking is Insight Travel Group Limited, a company incorporated in Bermuda. The Company's ultimate parent undertaking is The Travel Corporation Limited, a company incorporated in the British Virgin Islands.