

Insight Group Limited

**Directors' report and financial
statements**

Registered number 57993

31 December 2017

FRIDAY



A7FF30UX

A11

28/09/2018

#316

COMPANIES HOUSE

Contents

Strategic report	1
Directors' report	2
Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements	3
Independent auditor's report to the members of Insight Group Limited	4
Consolidated Statement of Comprehensive Income	6
Consolidated and Company Statements of Financial position	7
Consolidated Statement of Changes in Equity	8
Consolidated and Company Statements of Cash Flows	9
Notes	10

Strategic report

The directors present their annual strategic report, directors' report and the audited financial statements for the year ended 31 December 2017.

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 £1,312,653, (2016: £3,456,499). The directors do not recommend the payment of a dividend (2016: £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.

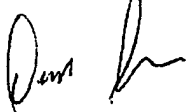
Principal risks and uncertainties

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

26 September 2018

Directors' Report

The directors present their report together with the financial statements and the independent auditor's report for the year ended 31 December 2017. 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 (resigned 19 February 2018)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company (2016: *Nil*).

Political and charitable contributions

Donations to New Zealand and UK charities amounted to £5,997 for the year ended 31 December 2017 (2016: £8,901).

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure in the year (2016: *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.

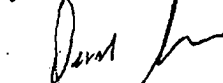
Disclosure of information to auditor

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.

Auditor

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

26 September 2018

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 2017 set out on pages 6 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.

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 2017 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

26 September 2018

Consolidated Statement of Comprehensive Income
for year ended 31 December 2017

	Note	2017 £	2016 £
Revenue	2	129,542,689	119,661,276
Cost of sales		(89,285,463)	(80,735,242)
Gross profit		40,257,226	38,926,034
Other operating expenses	3	(6,376,689)	(5,374,491)
Distribution expenses	3	(14,235,790)	(12,532,333)
Administrative expenses	3,4	(18,466,005)	(16,046,326)
Operating profit		1,178,742	4,972,884
Finance income	7	404,541	386,959
Finance expense	7	(1,910)	(3,493)
Profit before tax		1,581,373	5,356,350
Income tax expense	8	(268,720)	(1,899,851)
Profit for the year		1,312,653	3,456,499
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to Profit or loss:</i>			
Foreign currency translation differences		(1,228,787)	3,166,407
Total comprehensive income for the year		83,866	6,622,906

All results relate to continuing operations.

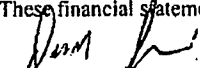
The notes on pages 10 to 35 form an integral part of these consolidated financial statements.

Consolidated and Company Statements of Financial position
at 31 December 2017

	Note	Group		Company	
		2017 £	2016 £	2017 £	2016 £
Non-current assets					
Property, plant and equipment	9	2,964,470	3,201,927	-	-
Investments in subsidiaries	10	-	-	2,282,754	2,282,754
Amounts due from related parties	12	4,977,073	5,039,555	-	-
Deferred tax assets	18	115,772	164,497	-	-
		<u>8,057,315</u>	<u>8,405,979</u>	<u>2,282,754</u>	<u>2,282,754</u>
Current assets					
Tax receivables		2,314,287	2,113,924	-	-
Trade and other receivables	11	9,346,405	13,236,142	-	-
Amounts due from related parties	12	51,675,147	49,847,186	75,444	62,110
Cash and cash equivalents	13	50,464,744	57,217,810	-	-
		<u>113,800,583</u>	<u>122,415,062</u>	<u>75,444</u>	<u>62,110</u>
Total assets		<u>121,857,898</u>	<u>130,821,041</u>	<u>2,358,198</u>	<u>2,344,864</u>
Non-current liabilities					
Amounts due to related parties	16	(906,060)	(972,696)	-	-
Deferred tax liabilities	18	(75,778)	(47,878)	(1,444)	(1,444)
		<u>(981,838)</u>	<u>(1,020,574)</u>	<u>(1,444)</u>	<u>(1,444)</u>
Current liabilities					
Overdrafts	13	(288,246)	(420,031)	-	-
Trade and other payables	15	(9,258,821)	(8,676,947)	-	-
Amounts due to related parties	16	(26,521,549)	(30,233,387)	(53,434)	(40,100)
Deferred income	17	(48,254,175)	(53,028,559)	-	-
Tax payable		(1,651,425)	(2,623,565)	-	-
		<u>(85,974,216)</u>	<u>(94,982,489)</u>	<u>(53,434)</u>	<u>(40,100)</u>
Total liabilities		<u>(86,956,054)</u>	<u>(96,003,063)</u>	<u>(54,878)</u>	<u>(41,544)</u>
Net assets		<u>34,901,844</u>	<u>34,817,978</u>	<u>2,303,320</u>	<u>2,303,320</u>
Equity					
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		4,708,508	5,937,295	300,000	300,000
Retained earnings		19,127,227	17,814,574	(9,062,789)	(9,062,789)
		<u>34,901,844</u>	<u>34,817,978</u>	<u>2,303,320</u>	<u>2,303,320</u>
Total equity		<u>34,901,844</u>	<u>34,817,978</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 26 September 2018 and were signed on its behalf by:


DID Howie
Director

Consolidated Statement of Changes in Equity
for the year ended 31 December 2017

	Share capital £	Share premium £	Other reserves £	Translation reserve £	Retained earnings £	Total Equity £
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
Balance at 31 December 2016	11,059,492	6,617	1,820,001	4,117,294	17,814,574	34,817,978
Balance at 1 January 2017	11,059,492	6,617	1,820,001	4,117,294	17,814,574	34,817,978
Profit for the year	-	-	-	-	1,312,653	1,312,653
Foreign currency translation	-	-	-	(1,228,787)	-	(1,228,787)
Balance at 31 December 2017	11,059,492	6,617	1,820,001	2,888,507	19,127,227	34,901,844

Company Statement of Changes in Equity
for the year ended 31 December 2017

	Share capital £	Share premium £	Other reserves £	Retained Earnings £	Total parent Equity £
Balance at 1 January 2016 and 31 December 2016	11,059,492	6,617	300,000	(9,062,789)	2,303,320
Balance at 1 January 2016 and 31 December 2017	11,059,492	6,617	300,000	(9,062,789)	2,303,320

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 2017

	Note	Group 2017 £	2016 £	Company 2017 £	2016 £
Cash flows from operating activities					
Profit for the year		1,312,653	3,456,499	-	-
<i>Adjustments for:</i>					
Depreciation	9	797,199	712,757	-	-
Financial income	7	(404,541)	(386,959)	-	-
Financial expense	7	1,910	3,493	-	-
(Gain)/Loss on sale of property, plant and equipment		(130)	(418)	-	-
Taxation expense	8	268,720	1,899,851	-	-
Unrealised foreign exchange gains and Losses		554,667	(4,709,092)	-	-
Profit before changes in working capital		2,530,478	976,131	-	-
Decrease/(Increase) in trade and other receivables		2,124,258	(11,941,773)	(13,334)	-
(Decrease)/Increase/in trade and other payables		(7,904,347)	17,712,219	13,334	-
Cash generated (used in)/ from operations		(3,249,613)	6,746,577	-	-
Interest paid	7	(1,910)	(3,493)	-	-
Tax paid		(1,364,598)	(2,785,612)	-	-
Net cash generated (used in)/from operating activities		(4,616,121)	3,957,472	-	-
Cash flows from investing activities					
Proceeds on property, plant and equipment		177,458	2,672	-	-
Purchase of property, plant and equipment	9	(770,849)	(1,108,226)	-	-
Interest received	7	404,541	386,959	-	-
Net cash (used in)/from investing activities		(188,850)	(718,595)	-	-
Cash flows from financing activities					
Decrease in long term loans due to related parties		(66,636)	(116,653)	-	-
Net cash used in financing activities		(66,636)	(116,653)	-	-
Net increase/(decrease) in cash and cash equivalents		(4,871,607)	3,122,224	-	-
Cash and cash equivalents at 1 January		56,797,779	45,904,148	-	-
Effect of exchange rate changes on cash and cash equivalents		(1,749,674)	7,771,407	-	-
Cash and cash equivalents at 31 December		50,176,498	56,797,779	-	-
Cash and cash equivalents consist of:					
Cash and cash equivalents	13	50,464,744	57,217,810	-	-
Bank overdrafts	13	(288,246)	(420,031)	-	-
		50,176,498	56,797,779	-	-

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 2017 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 will be applicable for periods beginning after 1 January 2019, it was introduced in 2014 as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. We do not expect this new standard to have a material impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers is mandatory for financial years commencing on or after 1 January 2018. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard introduces a five-step approach to the timing of revenue recognition based on performance obligations in customer contracts. This new standard applies to all contracts with customers except those that are financial instruments, leases or insurance contracts and will result in increased disclosure requirements. Based on our assessment to date on each revenue stream we do not expect the new standard to have a material impact on the financial statements.

Our two main revenue streams are derived from tour operators. To date tour operator revenue has primarily been recognised on date of departure, the new standard requires that revenue is recognised over time resulting in realisation of revenue and cost of sales corresponding to the progression of the tour although we do not expect this to have a material impact. We also expect that there will be a disclosure impact in terms of the number of revenue streams identified in the financial statements.

Notes (continued)

1 Accounting policies (continued)

New standards and interpretations not yet adopted (continued)

IFRS 16 Leases will be applicable after 1 January 2019. This standard will significantly affect the presentation of the Group financial statements with all leases apart from short term leases being recognised as on-balance sheet finance leases with a corresponding liability being the present value of lease payments. The Group will adopt the modified retrospective approach for all eligible leases, whereby the liability will be calculated based on the remaining lease cash flows at the transition date and set the asset and liability equal to that amount. We are currently in the process of collating all lease agreements in place across the Group in order to assess the expected impact of this new standard on both the Statement of Financial Position and the Statement of Comprehensive Income.

2 Revenue

	2017 £	2016 £
Tour revenue	116,190,566	96,402,910
Management fee	11,982,140	10,856,463
Other (rentals etc.)	1,369,983	12,401,903
	<u>129,542,689</u>	<u>119,661,276</u>

3 Expense

Included in profit are the following:

	2017 £	2016 £
Group		
Salaries and wages	20,816,474	17,895,808
Pension cost	543,254	524,818
Depreciation of property, plant and equipment	797,199	712,757
Loss on disposal of property, plant and equipment	130	418
Operating lease charges	572,880	582,589
	<u>22,730,037</u>	<u>19,636,390</u>

4 Auditor's remuneration

	2017 £	2016 £
Group		
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	250,621	234,215
Other tax advisory services	27,372	25,364
All other services	<u>25,681</u>	<u>2,799</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	
	2017	2016
Sales and services	139	138
Administration	282	266
	<u>421</u>	<u>404</u>

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	19,496,850	16,782,470
Social security costs	1,319,624	1,113,338
Other pension costs	543,254	524,818
	<u>21,359,728</u>	<u>18,420,626</u>

The company has no employees.

6 Remuneration of directors

	2017 £	2016 £
Directors' emoluments	<u>121,895</u>	<u>113,396</u>

	Number of directors	
	2017	2016
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	<u>2</u>	<u>2</u>

7 Finance income and expense

	2017 £	2016 £
<i>Finance income</i>		
Interest income	366,758	368,487
Loss on collars	37,783	18,472
Total finance income	<u>404,541</u>	<u>386,959</u>
<i>Finance expense</i>		
Finance charges	(1,910)	(3,493)
Total finance expense	<u>(1,910)</u>	<u>(3,493)</u>

Notes (continued)

8 Income tax expense

Recognised in the statement of comprehensive income

	2017 £	2016 £
Current tax expense		
Current year	192,095	1,890,369
	<u>192,095</u>	<u>1,890,369</u>
Deferred taxation		
Origination and reversal of temporary differences (note 18)	76,625	9,482
	<u>76,625</u>	<u>9,482</u>
Total tax in statement of comprehensive income	<u>268,720</u>	<u>1,899,851</u>

Reconciliation of effective tax rate

	2017 £	2016 £
Profit before tax	1,581,373	5,356,350
Tax using the UK corporation tax rate of 19.25% (2016: 20.%)	304,414	1,071,270
Effect of differences in overseas tax rates on subsidiaries	(162,295)	363,290
Non-deductible expenses	103,534	46,267
Effect of tax losses utilised	(6,641)	(29,368)
Over/(under) provided in prior years	(46,917)	438,910
Deferred tax recognised in the year	76,625	9,482
Non-taxable income	-	-
Total tax in statement of comprehensive income	<u>268,720</u>	<u>1,899,851</u>

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2016) 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 2016, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2017. This will reduce the company's future tax charge accordingly. The deferred tax liability at 31 December 2017 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 £
Cost				
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
Balance at 31 December 2016	693,262	929,785	5,508,738	7,131,785
Balance at 1 January 2017	693,262	929,785	5,508,738	7,131,785
Acquisitions	-	268,722	472,732	741,454
Acquisitions under construction	-	-	29,395	29,395
Disposals	-	-	(461,215)	(461,215)
Effect of movement in foreign exchange rates	-	(16,069)	(186,098)	(202,167)
Balance at 31 December 2017	693,262	1,182,438	5,363,552	7,239,252
Depreciation and impairment				
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
Balance at 31 December 2016	184,252	533,375	3,212,231	3,929,858
Balance at 1 January 2017	184,252	533,375	3,212,231	3,929,858
Depreciation charge for the year	13,865	97,161	686,173	797,199
Disposals	-	-	(283,887)	(283,887)
Effect of movement in foreign exchange rates	-	(8,945)	(159,443)	(168,388)
Balance at 31 December 2017	198,117	621,591	3,455,074	4,274,782
Net book value				
At 1 January 2016	532,411	371,676	1,800,533	2,704,620
At 31 December 2016 and 1 January 2017	509,010	396,410	2,296,507	3,201,927
At 31 December 2017	495,145	560,847	1,908,478	2,964,470

Leased plant and machinery

At 31 December 2017 the net carrying amount of leased plant and machinery was nil (2016: £nil).

Security

None of the assets are pledged as security.

Notes (continued)

10 Investments in subsidiaries

The Company has the following investments in subsidiaries:

			2017 £	2016 £
Investment in subsidiaries			2,282,754	2,282,754
<i>Company</i>	Country of incorporation	Class of shares held	Ownership	
			2017	2016
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 (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	
	2017	2016	2017	2016
	£	£	£	£
Trade receivables	1,550,799	1,557,860	-	-
Other debtors	1,091,399	1,738,702	-	-
Prepayments and accrued income	6,704,207	9,939,580	-	-
	<u>9,346,405</u>	<u>13,236,142</u>	<u>-</u>	<u>-</u>

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

	2017	2016
	£	£
Euro	6,664	5,036
Canadian dollars	484,213	336,338
US dollars	3,151,043	3,114,542
Singapore dollars	402,872	608,446
Australian dollars	3,912,935	6,976,212
New Zealand dollars	-	21,697
	<u>-</u>	<u>-</u>

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

12 Amounts due from related parties – current

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Due from related parties				
Travcorp Financial Services	7,083,246	-	-	-
801 East Katella Inc	2,311,649	2,751,043	-	-
Trafalgar Tours USA Ltd	355,741	-	-	-
Insight Travel Group Ltd	34,288,794	35,537,496	-	-
Travcorp Management Services Ltd	481,289	488,406	-	-
Trafalgar Tours International Ltd	640,781	2,443,709	-	-
Travel Corporation NZ Ltd	1,455,747	-	-	-
Busabout Operations Ltd	152,678	167,937	-	-
Uniworld River Cruises Inc	1,163,787	1,417,291	-	-
Tracoin Services Limited	197,404	222,184	-	-
Contiki (US) Holdings Inc	279,802	399,217	-	-
African Travel (2003) Inc	195,157	42,700	-	-
Trafalgar Tour West Inc	1,162,689	-	-	-
Contiki Holidays (Australia) Ptd Ltd	331,485	-	-	-
Insight Vacations Ltd	-	-	75,444	62,110
Other related companies	1,574,898	6,377,203	-	-
	<u>51,675,147</u>	<u>49,847,186</u>	<u>75,444</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	
	2017 £	2016 £
Canadian dollars	1,011	1,292
US dollars	41,684,674	44,320,221
Australian dollars	4,933,831	1,472,638
New Zealand dollars	1,457,947	1,628,760
Singapore dollars	355,567	-

£4,977,073 (2016: £5,039,555) amounts are repayable between one and ten years at the interest rate of 2.75%.

13 Cash and cash equivalents

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Cash per statement of financial position	50,464,744	57,217,810	-	-
Overdraft	(288,246)	(420,031)	-	-
Cash and cash equivalents per statement of cash flows	50,176,498	56,797,779	-	-

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

	Group	
	2017	2016
Euro	296,104	671,063
Canadian dollars	4,478,403	4,007,433
US dollars	13,673,720	11,262,109
Singapore dollars	1,495,335	1,369,112
Australian dollars	24,459,380	31,327,596
New Zealand dollars	-	2,819,853
Swiss Francs	272,299	107,408

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.

	2017 £	2016 £
Non-current liabilities		
Finance lease liabilities	-	-
Current liabilities		
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 2017 £	Interest 2017 £	Principal 2017 £	Minimum Lease payments 2016 £	Interest 2016 £	Principal 2016 £
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

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Other trade payables	1,850,594	4,009,891	-	-
Non-trade payables and accrued expenses	7,408,227	4,667,056	-	-
	<u>9,258,821</u>	<u>8,676,947</u>	<u>-</u>	<u>-</u>

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

	Group	
	2017 £	2016 £
Euro	49,505	57,310
Canadian dollars	411,314	222,364
US dollars	3,001,941	3,989,179
Singapore dollars	3,373,520	2,646,112
Australian dollars	845,638	259,561
New Zealand dollars	-	98,460
	<u>-</u>	<u>-</u>

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

Notes (continued)

16 Amounts due to related parties

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Due to related parties				
Insight Travel Group Ltd	20,579,297	24,201,708	-	-
Trafalgar Tours West inc	287,441	850,706	-	-
Travcorp Financial Services Ltd	79,147	45,000	-	-
Trafalgar Tours USA Inc	32,797	-	-	-
Trafalgar Tours Canada	23,396	-	-	-
TTC Travel Group Ltd	4,867,951	2,361,083	-	-
Contiki (US) Holdings inc	1,205	4,465	-	-
Grand European Tours (2003) inc	233,648	85,670	-	-
Travcorp Management Services Ltd	66,889	30,569	-	-
Trafalgar Tours International Ltd	286,039	1,836,603	-	-
Travel Corporation Canada Ltd	249,522	243,250	-	-
Trafalgar Tours (NZ) Ltd	-	158,313	-	-
TTC Consol PTY Ltd	376,341	187,729	-	-
Travel Corporation Asia Ltd	220,698	-	-	-
Other related companies	123,238	1,200,987	-	-
Insight Group companies	-	-	53,434	40,100
	<u>27,427,609</u>	<u>31,206,083</u>	<u>53,434</u>	<u>40,100</u>

£906,060 (2016: £972,696) amounts are repayable between two and three years at interest rate ranging from 0.0% to 2.0%.

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

	Group	
	2017	2016
	£	£
Canadian dollars	1,344,894	1,515,548
US dollars	23,689,112	25,794,348
Singapore dollars	506,737	1,669,338
Australian dollars	420,793	369,389
New Zealand dollars	-	242,359
Euros	21,748	197
	<u>26,383,284</u>	<u>30,531,681</u>

17 Deferred income

	Group	
	2017	2016
	£	£
Deferred income	48,254,175	53,028,559
	<u>48,254,175</u>	<u>53,028,559</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	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
Property, plant and equipment	115,772	164,497	(75,778)	(47,878)	39,994	116,619
Total tax assets/(liabilities)	115,772	164,497	(75,778)	(47,878)	39,994	116,619

Movement in deferred tax during the year

	1 January 2017 £	Recognised in income £	31 December 2017 £
Property, plant and equipment	116,619	(76,625)	39,994
	<u>116,619</u>	<u>(76,625)</u>	<u>39,994</u>

Movement in deferred tax during the prior 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>

Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
Property, plant and equipment	-	-	(1,444)	(1,444)	(1,444)	(1,444)
Total tax assets/(liabilities)	-	-	(1,444)	(1,444)	(1,444)	(1,444)

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 2017 £45,029 was charged against profits in respect of the defined benefit scheme (2016: £113,012), and £168,034 was charged against profits in respect of the defined contribution scheme (2016: £158,809).

	2017	2016
	£000	£000
Present value of funded defined benefit obligations	44,689	44,327
Fair value of plan assets	(27,331)	(25,295)
Net liability	<u>17,358</u>	<u>19,032</u>

Movement in the present value of the defined benefit obligation:

	2017	2016
	£000	£000
Liability for defined benefit obligations at 1 January	44,327	34,802
Interest cost	1,140	1,279
Benefits paid by the plan	(964)	(489)
Actuarial losses/(gains) recognised in equity	186	8,735
Liability for defined benefit obligations at 31 December	<u>44,689</u>	<u>44,327</u>

Movement in fair value of plan assets:

	2017	2016
	£000	£000
Fair value of plan assets at 1 January	25,295	21,420
Employer contributions	656	799
Interest cost	834	820
Benefits paid by the plan	(964)	(489)
Actuarial gains recognised in equity	1,510	2,745
Fair value of plan assets at 31 December	<u>27,331</u>	<u>25,295</u>

Notes (continued)

19 Profit sharing plan and pension fund (continued)

Pension plans (continued)

Expense recognised in statement of comprehensive income

	2017	2016
	£000	£000
Interest cost	484	480
	<u>484</u>	<u>480</u>

Plan assets consist of the following:

	2017	2016
	£000	£000
Equity securities	16,220	10,970
Bonds	8,348	10,331
Property	2,130	3,438
Cash	633	556
	<u>27,331</u>	<u>25,295</u>

	2017	2016
	£000	£000
Actual return on plan assets	<u>2,166</u>	<u>3,544</u>

Actuarial assumptions:

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

	2017	2016
	%	Restated %
Discount rate	2.4	2.6
Future salary increases	3.1	3.3
Future pension increases on benefits accrued from 1997 to 2008	3.8	3.8
Future pension increases on benefits accrued post 2008	3.3	3.3
Rate of increase on deferred pensions	2.1	2.3
Retail Price Inflation - pre-retirement	3.1	3.3
Retail Price Inflation - post-retirement	3.5	3.6
Consumer Price Inflation - pre-retirement	<u>2.1</u>	<u>2.3</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:

	2017	2016	2015	2014	2013
	£000	£000	Restated £000	£000	£000
Present value of the defined benefit obligation	(44,689)	(44,327)	(34,802)	(36,797)	(30,474)
Fair value of plan assets	27,331	25,295	21,420	21,248	20,100
Deficit in the plan	(17,358)	(19,032)	(13,382)	(15,549)	(10,374)
Experience adjustments on plan liabilities	2.5%	0.4%	1.0%	(0.3)%	(0.3)%
Experience adjustments on plan assets	5.5%	10.9%	(1.3)%	0.4%	8.6%

20 Share capital

	Ordinary shares	
	2017	2016
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 £30,444 (*year ended 2016: £28,843*).

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	2017 £	2016 £
Trade receivables	1,550,799	1,557,860
Amounts due from related parties	51,675,147	49,847,186
Cash and cash equivalents	50,176,498	56,797,779
	<u>103,402,444</u>	<u>108,202,825</u>
 Company	 2017 £	 2016 £
Amounts due from related parties	75,446	62,110
	<u>75,446</u>	<u>62,110</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	2017 £	2016 £
Euro-zone		
UK	1,029,840	1,064,534
USA	349,641	451,331
Canada	123,482	7,646
Australia	47,836	34,349
	<u>1,550,799</u>	<u>1,557,860</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	2017 £	2016 £
UK	3,242,117	2,424,275
Singapore	355,567	-
USA	41,684,674	44,320,221
Canada	1,011	1,292
Australia	4,933,831	1,472,638
New Zealand	1,457,947	1,628,760
	<u>51,675,147</u>	<u>49,847,186</u>

Company	2017 £	2016 £
UK	<u>75,446</u>	<u>62,110</u>

Impairment losses:

The ageing of trade receivables at the reporting date was:

Group	Gross 2017 £	Impairment 2017 £	Gross 2016 £	Impairment 2016 £
Not past due	1,379,481	-	1,370,673	-
Past due 0-30 days	123,482	-	140,261	-
Past due 31-120 days	47,836	-	46,926	-
More than one year	-	-	-	-
	<u>1,550,799</u>	<u>-</u>	<u>1,557,860</u>	<u>-</u>

Notes (continued)

21 Financial instruments (continued)

Impairment losses (continued)

Apart from the above, based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables that are not past due.

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

Group	Gross 2017 £	Impairment 2017 £	Gross 2016 £	Impairment 2016 £
Not past due	51,675,147	-	49,847,186	-
	<u>51,675,147</u>	<u>-</u>	<u>49,847,186</u>	<u>-</u>
Company	Gross 2017 £	Impairment 2017 £	Gross 2016 £	Impairment 2016 £
Not past due	75,446	-	62,110	-
	<u>75,446</u>	<u>-</u>	<u>62,110</u>	<u>-</u>

Liquidity risk

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.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

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 2017							
<i>Non-derivative financial liabilities</i>							
Finance lease liabilities	-	-	-	-	-	-	-
Trade payables	(1,850,594)	(1,850,594)	(1,850,594)	-	-	-	-
Amounts due to related parties	(27,427,609)	(27,427,609)	(26,521,549)	-	(906,060)	-	-
	<u>(29,278,203)</u>	<u>(29,278,203)</u>	<u>(28,372,143)</u>	<u>-</u>	<u>(906,060)</u>	<u>-</u>	<u>-</u>
Total	(29,278,203)	(29,278,203)	(28,372,143)	-	(906,060)	-	-

Notes (continued)

21 Financial instruments (continued)

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 £
<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)	-	-
Total	(35,215,974)	(35,215,974)	(34,243,278)	-	(972,696)	-	-

Company

31 December 2017	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	(53,434)	(53,434)	(53,434)	-	-	-	-

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 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 2017	2016	Reporting date spot rate 2017	2016
Australian dollars	1.6801	1.8253	1.7279	1.7065
Canadian dollars	1.6712	1.7970	1.6977	1.6571
Euros	1.1420	1.2245	1.1253	1.1715
New Zealand dollars	1.8118	1.9497	1.9028	1.7720
Singapore dollars	1.7776	1.8714	1.8057	1.8714
US dollars	1.2875	1.3559	1.3503	1.2357

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 2017	Profit/(loss) £
Canadian dollars	(270,457)
Australian dollars	(3,089,081)
US dollars	(3,723,831)
New Zealand dollars	(132,541)
Euro	(23,178)
Swiss Francs	(24,754)
Singapore dollar	(394,001)
	<hr/>
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/>

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

	2017 £	2016 £
Fixed rate instruments		
Finance Leases	-	-
	<hr/>	<hr/>
Variable rate instruments		
Cash and cash equivalents	50,176,498	56,797,779
	<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 2016.

Group

	Profit/(loss)	
	1% increase	1% decrease
	£	£
31 December 2017		
Variable rate instruments	504,647	(504,647)
	<hr/>	<hr/>
Cash flow sensitivity	504,647	(504,647)
	<hr/>	<hr/>
31 December 2016		
Variable rate instruments	570,001	(570,001)
	<hr/>	<hr/>
Cash flow sensitivity	570,001	(570,001)
	<hr/>	<hr/>

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:

31 December 2017	Level 1	Level 2	Level 3	Total
	£	£	£	£
Assets				
Trade Receivables	-	1,550,799	-	1,550,799
Amounts due from related parties	-	51,675,147	-	51,675,147
Cash and Cash Equivalents	-	50,464,744	-	50,464,744
	<hr/>	<hr/>	<hr/>	<hr/>
Total	-	103,690,690	-	103,690,690
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities				
Trade Payables	-	1,850,594	-	1,850,594
Amounts due to related parties	-	26,521,549	-	26,521,549
Bank overdrafts	-	288,246	-	288,246
	<hr/>	<hr/>	<hr/>	<hr/>
	-	28,660,389	-	28,660,389
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

21 Financial instruments (continued)

31 December 2016	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
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
Total	-	108,622,856	-	108,622,856
Liabilities				
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)
Total	-	(34,663,309)	-	(34,663,309)

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:

	Group		Group	
	Land & Buildings 2017	2016	Plant and Machinery 2017	2016
	£		£	£
Less than one year	1,054,576	1,144,164	196,862	21,495
Between one and five years	2,671,984	3,301,987	748,765	41,357
After five years	-	-	-	-
	<u>3,726,560</u>	<u>4,446,151</u>	<u>945,627</u>	<u>62,852</u>

During the year £572,880 was recognised as an expense in the statement of comprehensive income in respect of operating leases (year ended 2016: £582,589).

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:

	2017 £	2016 £
Tours purchased	4,285,783	3,635,382
Management services	9,852,682	8,389,270
	<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:

	2017 £	2016 £
Tour and sightseeing sales	83,871,048	75,156,335
Management services	13,040,777	10,580,099
	<u> </u>	<u> </u>

Bank guarantees totalling NZ\$ nil (*year ended 2016: 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 Guernsey. The Company's ultimate parent undertaking is The Travel Corporation Limited, a company incorporated in the British Virgin Islands.