FRED. DESSEN & CO., LIMITED

ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 25 DECEMBER 2017

REGISTERED NUMBER: 00255938

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Group Strategic Report

Principal Activities

The principal activities of Fred. Dessen & Co., Limited and its subsidiaries include investment, renewable energy, travel services and forestry and estate management.

Business Review

During the year the company and its subsidiaries continued to develop their core businesses of renewable energy and travel services.

The renewable energy business provides a range of services principally for windfarms both onshore and offshore from site prospecting and planning, to contracting, construction, site management and servicing. The services also include the provision of wind measurement devices and other products.

Investment in marine renewable energy projects has continued throughout the year.

The travel services business continued its retail expansion project on the south coast of England, with the opening in May 2017 of a new high street travel agency in Christchurch. It now operates thirteen high street travel agencies, general sales agent services, cruise telesales, franchise operations and also specialises in the provision of business travel for a range of clients.

The Group's key financial performance indicators during the year were as follows;

	2017 £'000	2016 £'000	Change
Turnover	61,351	57,667	+6%
Operating profit before depreciation, interest, tax & amortisation	5,321	2,543	+109%

This is primarily as a result of the growth experienced within the onshore renewables sector following the introduction of servicing of windfarms as a new offering to the renewable energy sector.

Aside of profitability the travel sector has various other key performance indicators it uses to measure success, including retail outlet footfall, the level of repeat bookings and the recruitment of new franchisees to its franchise business, most of which have either exceeded or met company expectations.

Dividends were received from subsidiary companies' investments totalling £556k (2016: £540k).

Future Developments

The company and its subsidiaries will continue to consolidate its offering for travel services as well as diversify internationally and in new service areas in the renewable energy arena whilst stabilising and strengthening its core markets there.

Group Strategic Report (continued)

Principal Risks And Uncertainties

The principal aim of the group is to maximise long term results whilst minimising risks as well as to try and create a better environment. In the arena of renewable energy we aim to provide market leading advice to our clients.

The directors consider the following to be the major risks affecting the group:

- Health and safety
- Exchange rate risk
- Uncertain energy policy in the UK and other key markets
- Climate and political factors affecting holiday destinations
- Economic and regulatory conditions
- Recruitment and retention of key personnel

The directors believe that Brexit will have an impact in relation to the exchange rate risk but have not particularly identified any other significant risks associated with it apart from possible skills shortages and general uncertainty in the market resulting in a lack of investment in the UK affecting the energy market.

Price risk, credit risk and cash flow risk also have some impact on the company and its different subsidiaries. The directors identify and monitor risk on an ongoing basis to establish systems and processes to manage and mitigate those risks. This strategy includes the placing of forward purchase currency contracts to hedge the financial impact arising from the movement in exchange rates. The threat of terrorism persists, but the group's offering of travel services includes a wide and varied range of worldwide holiday products that helps to reduce the impact of this risk to the business.

By order of the board

B. Mindell

B. Mindell
Director
22nd May 2018

Group Directors' report

The directors have pleasure in submitting their annual report together with the consolidated accounts for the year ended 25 December 2017.

Directors

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

J. Dowler
N.A. Emery
B. Mindell

The company and its subsidiaries purchased and maintained liability insurance covering directors and officers throughout the period under review.

Proposed Dividend

The directors do not recommend the payment of a dividend (2016: £nil).

Financial Instruments

The company entered into forward exchange contracts to buy specific amounts of foreign currency in the future at a predetermined exchange rate. Forward exchange contracts are entered into for anticipating foreign currency payments arising from the purchase of goods and services from foreign suppliers. The company does not use derivative financial instruments for speculative purposes.

Employees

Employees of group companies are encouraged to take an interest in the success of the businesses. Progress is regularly communicated to the management of subsidiary companies and all management and staff are expected to communicate fully within their own area of responsibility. Where reasonable and practicable within existing legislation, all persons, including disabled persons and employees that have become disabled, have been treated in the same way in matters relating to employment, training, career development and promotion.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

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 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

B. Mindell

B. Mindell
Director

22nd May 2018

2nd Floor
64-65 Vincent Square
London
SW1P 2NU

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Independent auditor's report to the members of Fred. Dessen & Co., Limited

Opinion

We have audited the financial statements of Fred. Dessen & Co., Limited for the year ended 25 December 2017 which comprise the consolidated profit and loss account, consolidated statement of other comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated cashflow statement and related notes, including the accounting policies in note 1.

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 25 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Independent auditor's report to the members of Fred. Dessen & Co., Limited
(continued)

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Stephen Muncey

Stephen Muncey (~~Senior~~ Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Dragonfly House, 2 Gilders Way, Norwich, NR3 1UB
24th May 2018

Consolidated Profit and Loss Account

for the year ended 25 December 2017

	Note	2017 £000	2016* £000
Turnover	*2*	**61,351**	57,667
Other operating income	*3*	**1,871**	363
Staff costs	*5*	**(26,880)**	(23,961)
Depreciation and other amounts written off tangible and intangible assets	*4*	**(2,560)**	(2,665)
Other operating charges		**(31,021)**	(31,526)
Group operating profit/(loss)		**2,761**	(122)
Group share of loss in associate	*15*	**(62)**	-
Income from other fixed asset investments	*7*	**556**	540
Other interest receivable and similar income	*8*	**1,296**	1,751
Interest payable and similar charges	*9*	**(283)**	(338)
Profit on ordinary activities before taxation		**4,268**	1,831
Tax on profit on ordinary activities	*10*	**(749)**	262
Profit for the financial year		**3,519**	2,093

The notes on pages 14 to 36 form part of these financial statements.

All of the above transactions are from continuing activities.

* 2016 Staff costs, Other operating charges and Interest payable have been restated. See note 1.20.

Consolidated Statement of Other Comprehensive Income

for the year ended 25 December 2017

	Note	2017 £000	2016 £000
Profit for the year		**3,519**	2,093
Other comprehensive income for the year			
Foreign exchange differences on translation of foreign operations		**(18)**	115
		(18)	115
Total comprehensive income for the year		**3,501**	2,208

The notes on pages 14 to 36 form part of these financial statements.

Consolidated Balance Sheet
at 25 December 2017

	Note	2017		2016	
		£000	**£000**	£000	£000
Fixed assets					
Goodwill	*11*	**254**		507	
Other intangible assets	*11*	**1,705**		1,923	
Biological assets	*12*	**6,291**		6,291	
Tangible assets	*13*	**8,814**		9,259	
Investment property	*14*	**2,000**		2,000	
Investments	*15*	**18,681**		18,593	
			37,745		38,573
Current assets					
Stocks	*17*	**1,389**		930	
Debtors	*18*	**20,548**		20,568	
Investments	*16*	**6,273**		5,076	
Cash at bank and in hand	*19*	**14,918**		9,735	
		43,128		36,309	
Creditors: amounts falling due within one year	*20*	**(22,945)**		(19,593)	
Net current assets			**20,183**		16,716
Total assets less current liabilities			**57,928**		55,289
Creditors: amounts falling due after more than one year	*21*		**(6,618)**		(7,480)
Net assets			**51,310**		47,809
Capital and reserves					
Called up share capital	*25*		**38,500**		38,500
Reserves			**12,810**		9,309
Shareholders' funds			**51,310**		47,809

These financial statements were approved by the board of directors on 22nd May 2018 and were signed on its behalf by:

B. Mindell

B. Mindell
Director

N.A. Emery
Director

Company registered number: 00255938

The notes on pages 14 to 36 form part of these financial statements.

Company Balance Sheet
at 25 December 2017

	Note	**2017**		2016	
		£000	**£000**	£000	£000
Fixed assets					
Investments	*15*	**38,660**		38,660	
			38,660		38,660
Net assets			**38,660**		38,660
Capital and reserves					
Called up share capital	*25*		**38,500**		38,500
Reserves			**160**		160
Shareholders' funds			**38,660**		38,660

These financial statements were approved by the board of directors on 22nd May 2018 and were signed on its behalf by:

B. Mindell

B. Mindell
Director

N.A. Emery
Director

Company registered number: 00255938

The notes on pages 14 to 36 form part of these financial statements.

Consolidated Statement of Changes in Equity

	Called up Share capital	Currency translation reserve	Profit & loss account	Total equity
	£000	£000	£000	£000
Balance at 26 December 2015	38,500	(119)	7,220	45,601
Total comprehensive income for the period				
Profit or loss	-	-	2,093	2,093
Other comprehensive income	-	115	-	115
Total comprehensive income for the period	-	115	2,093	2,208
Balance at 25 December 2016	**38,500**	**(4)**	**9,313**	**47,809**
Balance at 26 December 2016	38,500	(4)	9,313	47,809
Total comprehensive income for the period				
Profit or loss	-	-	3,519	3,519
Other comprehensive income	-	(18)	-	(18)
Total comprehensive income for the period	-	(18)	3,519	3,501
Balance at 25 December 2017	**38,500**	**(22)**	**12,832**	**51,310**

The notes on pages 14 to 36 form part of these financial statements.

Company Statement of Changes in Equity

	Called up Share capital £000	Profit & loss account £000	Total equity £000
Balance at 26 December 2015	38,500	160	38,660
Total comprehensive income for the period			
Profit or loss	-	-	-
Balance at 25 December 2016	**38,500**	**160**	**38,660**
Balance at 26 December 2016	38,500	160	38,660
Total comprehensive income for the period			
Profit or loss	-	-	-
Balance at 25 December 2017	**38,500**	**160**	**38,660**

The notes on pages 14 to 36 form part of these financial statements.

Consolidated Cash Flow Statement

for year ended 25 December 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Profit for the year		**3,519**	2,093
Adjustments for:			
Depreciation, amortisation and impairment		**2,560**	2,665
Foreign exchange movements		**99**	174
Share of loss in associate undertakings		**62**	-
Income from other fixed asset investments		**(556)**	(540)
Interest receivable and similar income		**(1,288)**	(1,751)
Interest payable and similar charges		**283**	338
Gain on sale of tangible fixed assets		**(137)**	(2)
Deferred government grant		**(1,871)**	(363)
Taxation		**749**	(262)
		3,420	2,352
Increase in trade and other debtors		**(124)**	(483)
Decrease/(increase) in stocks		**(459)**	76
Increase in trade and other creditors		**2,856**	909
		5,693	2,854
Defined benefit pension scheme deficit reduction payment		**(767)**	(384)
Net tax credits received		**133**	494
Net cash from operating activities		**5,059**	2,964
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**194**	172
Interest received		**18**	16
Dividends received		**556**	540
Acquisition of tangible fixed assets	*13*	**(1,263)**	(759)
Proceeds from the receipt of government grants		**1,083**	264
Capitalised development expenditure	*11*	**(172)**	(304)
Acquisition of other intangible assets	*11*	**(265)**	(172)
Acquisition of other investments	*15*	**(150)**	(500)
Net cash from investing activities		**1**	(743)
Cash flows from financing activities			
Interest paid		**(99)**	(90)
Repayment of borrowings		**(86)**	(204)
Proceeds from new borrowings		**308**	-
Net cash from financing activities		**123**	(294)
Net increase in cash and cash equivalents		**5,183**	1,927
Cash and cash equivalents at start of the year		**9,735**	7,808
Cash and cash equivalents at end of the year	*19*	**14,918**	9,735

The notes on pages 14 to 36 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Fred. Dessen & Co., Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the profit or loss, biological assets and investment property.

1.2 Going concern

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.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 25 December 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significance influence is presumed to exist when the investors hold between 20% and 50% of the equity voting rights. The Group's share of the profits less losses of associates is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. 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 retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised at transaction price less attributable transaction costs. Trade and other creditors are recognised at transaction price plus attributable transaction costs.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.6 Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition 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, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.18 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- buildings 5 to 25 years
- plant and machinery 3 to 10 years
- fixtures, fittings and office equipment 3 to 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.8 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- estimated amount of contingent consideration; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Intangible assets, goodwill and negative goodwill

Goodwill
Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- patents, licenses and trademarks 5 to 15 years
- capitalised development costs 3 years
- software 3 years

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.10 Biological assets

Forestry interests are disclosed in biological assets at deemed cost using the fair value at the date of transition to FRS102. The group's policy is to manage its forestry interests sustainably. Replanting and growth of the remaining crops will generally maintain the value of the forest and allow regular harvesting without depreciation. Replanting costs are charged to the profit and loss account in the year they are incurred.

1.11 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost. Subsequent to initial recognition:

- investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- no depreciation is provided in respect of investment properties applying the fair value model.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Government Grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.13 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.14 Impairment excluding stocks, investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes *(continued)*

1 Accounting policies *(continued)*

1.15 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

A subsidiary company operates a pension scheme providing benefits based on final pensionable pay for a number of employees. The assets of the scheme are held separately from those of the Company. The scheme is a multi-employer scheme and the assets and liabilities pertaining to the participating companies cannot be separately identified on a consistent and reasonable basis. Therefore the scheme is accounted for as if it were a defined contribution scheme. The Company has recognised a liability for future commitments to fund the deficit in the scheme, being the net present value of annual funding that has been agreed to for a specified period of time.

1.16 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.17 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer.

Turnover from the rendering of services is recognised in the period in which it is earned.

In relation to travel services the group act as agent for other tour operators and as a tour operator in its own right. Agent turnover represents commission received and receivable in respect of travel services, net of value added tax. Turnover relating to tour operation represents gross sales value received and receivable in respect of travel services, net of value added tax. Revenue is recognised at the fair value of consideration received net of cancellations which for retail customers is considered to be at the point when cancellation charges are levied and for business customers at the point of invoice.

Notes *(continued)*

1 Accounting policies *(continued)*

1.18 Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance leases

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. 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. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.19 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries and associates, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

1 Accounting policies *(continued)*

1.20 Reclassification of prior year costs

The comparative 2016 profit and loss account has been reclassified to recognise the unwinding of the discount rate on the DB pension deficit provision as a finance cost within Interest payable and similar charges. Originally this was reported in staff costs and other operating charges. The net impact is £nil with no change in profit before taxation.

2 Turnover

By activity:	**2017 £000**	2016 £000
Renewable energy	**41,372**	35,474
Forestry and estate management	**1,183**	1,187
Travel services	**15,757**	18,140
Management services and other	**2,839**	2,666
Investment property rentals	**200**	200
	61,351	57,667

By geographical market:

	2017 £000	2016 £000
Continental Europe	**10,311**	5,560
United Kingdom	**44,788**	46,370
Other - worldwide	**6,252**	5,737
	61,351	57,667

3 Other operating income

	2017 £000	2016 £000
Government grants	**1,623**	363
Research and development expenditure credits	**248**	-
	1,871	363

Notes *(continued)*

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	**1,652**	1,782
Amortisation of intangible fixed assets	**908**	883
Foreign exchange (gains)	**(73)**	(75)

Auditor's remuneration:

	2017 £000	2016 £000
Audit of these financial statements	**14**	14
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**73**	86
Taxation compliance services	**38**	37

The company's audit fee has been borne by a subsidiary company.

5 Staff numbers and costs

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

	Number of employees	
	2017	2016
Management	**8**	8
Administrative and operational staff	**590**	566
	598	574

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016* £000
Wages and salaries	**23,364**	20,653
Social security costs	**2,545**	2,367
Contributions to defined contribution plans	**971**	941
	26,880	23,961

No employees were employed directly by the company during the year (2016: none).

* Comparative staff costs have been reclassified. See note 1.20.

Notes *(continued)*

6 Directors' remuneration

	2017 £000	2016 £000
Directors' remuneration	**556**	566
Company contributions to money purchase pension plans	**21**	29
	577	595

The aggregate of remuneration of the highest paid director was £363k (*2016: £299k*), and company pension contributions of £nil *(2016: £9k)* were made to a money purchase scheme on their behalf.

	Number of directors 2017	2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**1**	1

7 Income from other fixed asset investments

	2017 £000	2016 £000
Dividend income on financial assets	**556**	540
	556	540

8 Other interest receivable and similar income

	2017 £000	2016 £000
Net gain on financial assets measured at fair value through profit or loss	**1,205**	1,660
Interest receivable on financial assets at amortised cost	**18**	16
Net foreign exchange gain	**73**	75
Total interest receivable and similar income	**1,296**	1,751

Notes *(continued)*

9 Interest payable and similar charges

	2017 £000	2016* £000
Net loss on financial assets measured at fair value through profit or loss	-	25
Interest payable on financial liabilities at amortised cost	99	114
Unwind discount rate on other financial liabilities	184	199
Total other interest payable and similar charges	283	338

* Comparative costs have been reclassified to include unwinding of discount rate on other financial liabilities as a finance cost. See note 1.20.

10 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2017 £000	2017 £000	2016 £000	2016 £000
Current tax				
Current tax on income for the period	124		-	
Adjustments in respect of prior periods	42		(344)	
Total current tax		166		(344)
Deferred tax (see note 23)				
Origination and reversal of timing differences	406		8	
Change in tax rate	-		93	
Adjustments in respect of prior periods	177		(19)	
Total deferred tax		583		82
Total tax		749		(262)

Notes *(continued)*

10 Taxation *(continued)*

Analysis of current tax recognised in profit and loss

	2017 £000	2016 £000
UK corporation tax	**166**	-
UK corporation tax – R&D tax credits	**-**	(344)
Total current tax recognised in profit and loss	**166**	(344)

Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit/(loss) for the year	**3,519**	2,093
Total tax expense	**749**	(262)
Profit/(loss) excluding taxation	**4,268**	1,831
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	**822**	366
Reduction in tax rate on deferred tax balances	**(26)**	93
Permanent timing differences	**(46)**	(88)
Movement in tax losses recognised	**(220)**	(273)
Current year losses for which no deferred tax asset was recognised	**-**	3
Under / (over) provided in prior years	**219**	(363)
Total tax expense included in profit or loss	**749**	(262)

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax position at 25 December 2017 has been calculated based on these rates.

Notes *(continued)*

11 Intangible assets and goodwill

Group

	Goodwill £000	Licenses, patents and trademarks £000	Software £000	Development costs £000	Total £000
Cost					
Balance at 26 December 2016	1,899	3,205	1,421	1,654	8,179
Acquisitions – internally developed	-	-	-	172	172
Acquisitions – externally purchased	-	15	250	-	265
Balance at 25 December 2017	1,899	3,220	1,671	1,826	8,616
Amortisation and impairment					
Balance at 26 December 2016	1,392	2,208	1,093	1,056	5,749
Amortisation for the year	253	215	201	239	908
Balance at 25 December 2017	1,645	2,423	1,294	1,295	6,657
Net book value					
At 26 December 2016	507	997	328	598	2,430
At 25 December 2017	**254**	**797**	**377**	**531**	**1,959**

Amortisation and impairment charge

The amortisation, impairment charge and impairment reversals are recognised in the profit and loss account in depreciation and other amounts written off tangible and intangible assets.

12 Biological assets

Group

	Forestry £000
Cost or valuation	
At 26 December 2016 and 25 December 2017	6,291
Impairment	
At 26 December 2016 and 25 December 2017	-
Net book value	
At 26 December 2016 and 25 December 2017	**6,291**

The group's policy is to manage its forestry interests sustainably. Replanting and growth of the remaining crops will generally maintain the value of the forest and allow regular harvesting without depreciation. Replanting costs are charged to the profit and loss account in the year they are incurred.

Notes *(continued)*

13 Tangible fixed assets

Group	Land and buildings £000	Plant and Machinery £000	Fixtures, fittings & office equipment £000	Wave device and related costs £000	Work in progress £000	Total £000
Cost						
Balance at 26 December 2016	5,834	7,459	2,172	3,818	218	19,501
Acquisitions	185	445	631	-	2	1,263
Disposals	(10)	(180)	(12)	-	-	(202)
Movements in foreign exchange	1	3	3	-	-	7
Balance at 25 December 2017	6,010	7,727	2,794	3,818	220	20,569
Depreciation and impairment						
Balance at 26 December 2016	2,604	2,480	1,677	3,481	-	10,242
Depreciation charge for the year	224	758	333	337	-	1,652
Disposals	-	(134)	(11)	-	-	(145)
Movements in foreign exchange	-	2	4	-	-	6
Balance at 25 December 2017	2,828	3,106	2,003	3,818	-	11,755
Net book value						
At 26 December 2016	3,230	4,979	495	337	218	9,259
At 25 December 2017	**3,182**	**4,621**	**791**	**-**	**220**	**8,814**

14 Investment property

Group	**2017 £000**
Balance at 26 December 2016	2,000
Net gain/(loss) from fair value adjustments	-
Balance at 25 December 2017	**2,000**
Historical cost net book value	1,655

£2,000,000 *(2016: £2,000,000)* of investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued.

Any gain or loss arising from a change in fair value is recognised in profit or loss.

Notes *(continued)*

15 Fixed asset investments

Fixed asset investments – Group

Group	**Interests in associated undertakings £000**	**Other investments other than loans* £000**	**Total £000**
Cost			
At beginning of year	-	18,593	18,593
Additions	150	-	150
At end of year	150	18,593	18,743
Share of post acquisition reserves			
At beginning of year	-	-	-
Retained profits less losses	(62)	-	(62)
Disposals	-	-	-
At end of year	(62)	-	(62)
Provisions			
At beginning of year	-	-	-
Provided in year	-	-	-
At end of year	-	-	-
Net book value			
At 25 December 2017	**88**	**18,593**	**18,681**
At 26 December 2016	-	18,593	18,593

*Included in the above is a holding of 12.5% (2016: 12.5%) in Timex Group BV, a company incorporated in the Netherlands.

During the year the group acquired a 49% equity holding in Wind Energy Benchmarking Services Limited (an unlisted entity), a company providing web-based benchmarking services for wind farms.

Notes *(continued)*

15 Fixed asset investments *(continued)*

Fixed asset investments – Company

Company	**Shares in group undertakings £000**	**Total £000**
Cost		
At beginning of year	38,660	38,660
Additions	-	-
At end of year	38,660	38,660
Provisions		
At beginning of year	-	-
Provided in year	-	-
At end of year	-	-
Net book value		
At 25 December 2017	**38,660**	**38,660**
At 26 December 2016	38,660	38,660

Notes *(continued)*

15 Fixed asset investments *(continued)*

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are as follows.

	Registered Address	Country of incorporation	Principal activity	Percentage of ordinary shares held Group	Company
Subsidiary undertakings					
Fred. Olsen Limited	[1]	England & Wales	Renewable generation, management services, property and investments	**100%**	100%
Forrest Estate Limited	[2]	Scotland	Forestry and estate management	**100%**	0%
The Natural Power Consultants Limited	[2]	Scotland	Renewable energy consultancy	**100%**	0%
Natural Power Services Limited	[2]	Scotland	Asset management for renewable energy industry	**100%**	0%
Natural Power Operations Limited	[2]	Scotland	Dormant	**100%**	0%
Natural Power SARL	[3]	France	Renewable energy consultancy	**100%**	0%
Natural Power LLC	[4]	USA	Renewable energy consultancy	**100%**	0%
The Natural Power Consultants (Ireland) Limited	[5]	Rep. of Ireland	Renewable energy consultancy	**100%**	0%
The Natural Power Consultants (Sweden) AB	[6]	Sweden	Renewable energy consultancy	**100%**	0%
SeaRoc Group Limited	[7]	England & Wales	Offshore renewables and marine consultancy	**100%**	0%
SeaPlanner Limited	[7]	England & Wales	Software development	**100%**	0%
SeaRoc Limited	[7]	England & Wales	Dormant	**100%**	0%
Zephir Limited	[2]	Scotland	Manufacturing of laser anemometry	**100%**	0%
Fred. Olsen Travel Limited	[1]	England & Wales	Travel services	**100%**	0%
Go Cruise Franchise Limited	[1]	England & Wales	Cruise franchise operation	**100%**	0%
Trassey Shipping Limited	[8]	Northern Ireland	Shipping & investments	**100%**	0%
Cinco Limited	[2]	Scotland	Dormant	**100%**	100%
Forrest Renewables Limited	[2]	Scotland	Dormant	**100%**	100%
Natural Power Asset Management Ltd	[2]	Scotland	Dormant	**100%**	0%
Torrs Hill Windfarm Limited	[2]	Scotland	Dormant	**100%**	0%
ZX Lidars Limited	[2]	Scotland	Dormant	**100%**	0%
ZX Measurement Services Limited	[2]	Scotland	Dormant	**100%**	
Windborne Limited	[2]	Scotland	Dormant	**100%**	0%
Associates					
Wind Energy Benchmarking Services Limited	[9]	England & Wales	Benchmarking services for wind farms	**49%**	0%

The registered addresses of the above are:

[1] 2nd Floor, 64-65 Vincent Square, London, SW1P 2NU
[2] Forrest Estate, St John's Town of Dalry, Castle Douglas, Dumfries & Galloway, DG7 3XS
[3] Les Salorges 1 Boulevard Salvador Allende 44100 Nantes
[4] 63 Franklin Street, Saratoga Springs, New York, 12866
[5] 1st Floor, Suite 6, The Mall, Beacon Court, Sandyford, Dublin 18, Ireland
[6] c/o Servando Bolag AB, Box 5814, 102 48 Stockholm
[7] 45 South Street, Chichester, West Sussex, PO19 1DS
[8] c/o Thomas Armstrong, 87 Balmoral Avenue, Belfast, BT9 6NZ
[9] Offshore House, Albert Street, Blyth, Northumberland, NE24 1LZ

Notes *(continued)*

16 Current asset investments and other financial assets

	2017	2016
	£000	£000
Financial assets designated as fair value through profit or loss	**6,273**	5,076
	6,273	5,076

Included above are listed investments amounting to £6,273,000 *(2016: £5,076,000)* for the Group, and £nil *(2016: £nil)* for the Company. Listed investments are held at market value based on the stock exchange share price.

17 Stocks

	Group	Group
	2017	2016
	£000	£000
Raw materials and consumables	**634**	517
Work in progress	**654**	413
Finished goods	**101**	-
	1,389	930

18 Debtors

	Group		**Company**	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Trade debtors	**14,665**	14,225	-	-
Other debtors	**1,407**	1,268	-	-
Deferred tax assets (see note 23)	**1,530**	2,113	-	-
Other financial assets (see note 26)	-	45	-	-
Prepayments and accrued income	**2,946**	2,917	-	-
	20,548	20,568	-	-

Debtors include deferred tax assets of £1,530k (2016: £2,113k) due after more than one year.

19 Cash and cash equivalents

	2017	2016
	£000	£000
Cash at bank and in hand	**14,918**	9,735
Cash and cash equivalents per cash flow statements	**14,918**	9,735

Notes *(continued)*

20 Creditors: amounts falling due within one year

	Group 2017 £000	2016 £000	Company 2017 £000	2016 £000
Bank loans	**137**	86	-	-
Trade creditors	**12,338**	10,564	-	-
Taxation and social security	**1,423**	1,271	-	-
Other creditors	**1,072**	1,018	-	-
Accruals and deferred income	**7,368**	6,368	-	-
Other financial liabilities (see note 22)	**607**	286	-	-
	22,945	19,593	-	-

21 Creditors: amounts falling due after more than one year

	Group 2017 £000	2016 £000	Company 2017 £000	2016 £000
Bank loans	**2,710**	2,539	-	-
Other creditors	**114**	243	-	-
Other financial liabilities (see note 22)	**3,794**	4,698	-	-
	6,618	7,480	-	-

A bank loan totalling £2,500,000 (2016: £2,500,000) is wholly repayable in 2019. Shares in Bonheur ASA owned by Trassey Shipping Limited are subject to a negative pledge as security for this loan.

22 Other financial liabilities

	Group 2017 £000	2016 £000	Company 2017 £000	2016 £000
Amounts falling due after more than one year				
Liability for pension fund deficit	**3,794**	4,698	-	-
	3,794	4,698	-	-
Amounts falling due within one year				
Liability for pension fund deficit	**607**	286	-	-
	607	286	-	-

Notes *(continued)*

23 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

	2017 £000	2016 £000
Accelerated capital allowances	**(643)**	(1,032)
Employee benefits	**(778)**	(891)
Unused tax losses	**(926)**	(839)
Other	**817**	649
Net tax (assets)	**(1,530)**	(2,113)

In addition to the deferred tax asset above, the Group has additional unrecognised gross tax losses of £14,612,108 (2016: £15,907,499).

24 Employee benefits

A subsidiary company operates a defined benefit pension scheme providing benefits based on pensionable earnings to a number of employees. The scheme is a multi-employer scheme and as such the assets and liabilities pertaining to the company and its staff cannot be separately identified. The subsidiary company therefore accounts for its contributions to the Scheme as if it were a Defined Contribution Scheme. The latest full triennial actuarial valuation of the Scheme was carried out by qualified independent actuaries at 31 March 2015 using the projected unit method.

The most recent interim valuation of the Scheme by the actuary was undertaken and reported to the Trustees as at 25 December 2017. The past service deficit of the Scheme before tax amounted to £9,549,000 for the totality of the Scheme at that date (2016: £11,600,000). The funding level was 82% at 25 December 2017 (2016: 77%). The Scheme is closed to new employees.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The unwinding of the discount rate is recognised as a finance cost.

A defined contribution scheme has been set up for new employees and for most existing employees.

The Group's total pension contribution charge for the year was £1,737,668 (2016: £1,325,284).

25 Capital and reserves

Share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
3,850,000 ordinary shares of £10 each	**38,500**	38,500
	38,500	38,500

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

Notes *(continued)*

26 Financial instruments

(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2017	2016
	£000	£000
Assets measured at fair value through profit or loss	**6,273**	5,121
Assets measured at cost less impairment	**48,264**	42,553
Liabilities measured at amortised cost	**22,195**	20,705

(b) Financial instruments measured at fair value

Investments in debt and equity securities

The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted bid price at the balance sheet date.

Derivative financial instruments

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

(c) Fair values

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	Fair value 2017 £000	Fair value 2016 £000
Investment in listed equity instrument	6,273	5,076
Forward exchange contracts	-	45

(d) Financial risk management

The group's operations expose it to a variety of financial risks that include foreign exchange risk, credit risk, liquidity risk and to a lesser extent interest rate risk. Management seek to minimise the risks and monitors the financial markets closely.

- Credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The group has exposure to credit risk principally arising from trade debtors. The group continually evaluates the credit risks associated with customers with close monitoring of individual accounts.

- Liquidity risk:

The group aims to mitigate liquidity risk by managing cash generated from and used by its operations and ensuring that funding in place is adequate for the requirements of the business. In order to uncover future liquidity risk, the group forecasts both short-term and long-term cash flows. Cash flow forecasts include cash flows stemming from operations, investments and financing activities.

Notes *(continued)*

26 **Financial instruments** (continued)

(d) Financial risk management (continued)

- Foreign currency risk:

The group is exposed to foreign currency risks on certain operations. As such earnings are exposed to fluctuations in the currency markets. Exposure is principally to US dollars, Euros and Norwegian kroner. The future foreign currency exposures depend on the currency denominations of future operating revenues and expenses. Management monitors the currency markets closely. In order to reduce the impact of currency rate fluctuations, forward exchange contacts are entered into when considered appropriate.

- Interest rate risk:

The group borrows its money using either overdrafts, asset financing or term loans whose tenure depends on the nature of the asset and management's view of the future direction of interest rates.

27 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		**Company**	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Less than one year	**1,110**	1,032	-	-
Between one and five years	**1,766**	1,711	-	-
More than five years	**962**	1,284	-	-
	3,838	4,027	-	-

During the year £1,528,000 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £1,252,000).

Leases as lessor

The investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	Group		**Company**	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Less than one year	-	133	-	-
Between one and five years	-	-	-	-
More than five years	-	-	-	-
	-	133	-	-

28 Contingencies

Subsidiary undertakings have given indemnities to third parties, principally banks, to secure performance bonds and other obligations which at 25 December 2017 amounted to £2,419,649 (2016: £2,563,712).

A subsidiary undertaking has provided parent company guarantees in respect of contracts entered into by some of its subsidiary undertakings. The maximum liabilities under the guarantees are £466,580 (2016: £121,316).

Notes *(continued)*

29 Related parties

During the year, a subsidiary company invoiced Fred. Olsen Cruise Lines Limited in respect of business travel arrangements and agreed marketing contributions totalling £3,659,742. The company also received invoices totalling £5,995,304 for cruises sold as agent for Fred. Olsen Cruise Lines. As at 25 December 2017 the net amount payable to Fred. Olsen Cruise Lines was £646,451 (2016: £466,939).

During the year, a subsidiary company invoiced Fred. Olsen Cruise Lines Limited for the supply of establishment and other office services and for the cost of office based support staff totalling £1,921,628 (2016: £1,964,103). As at 25 December 2017 the net amount receivable from Fred. Olsen Cruise Lines was £222,956 (2016: £201,022).

During the year, subsidiary companies carried out consultancy services for Fred. Olsen Renewables Limited relating to the planning and development of windfarms and operation related services totalling £8,114,207 (2016: £3,940,692). Another subsidiary charged Fred. Olsen Renewables £326,640 (2016: £302,332) for the supply of establishment and other office services. As at 25 December 2017 Fred. Olsen Renewables owed the subsidiaries £1,421,599 (2016: £1,733,876).

During the year, a subsidiary purchased goods and services from FO BOX AS relating to the development of wave devices totalling £26,286 (2016: £166,218). As at 25 December 2017 the subsidiary owed FO BOX AS £nil (2016: £9,315).

During the year, a subsidiary received consultancy services from FO Ocean AS relating to the development of wave devices totalling £40,468 (2016: £38,195). As at 25 December 2017 the subsidiary owed FO Ocean AS £3,242 (2016: £nil).

30 Subsequent event

In February 2018 one of the company's subsidiaries gave a letter of support not exceeding £4m, in connection with an investment, that expires on 31 December 2019.