Hotelplan Limited

Annual report and financial statements
Registered number 00350786
31 October 2016

Contents

Strategic report

Principal Activities
The principal activity of the company continues to be that of a tour operator. Hotelplan Limited operates ski holidays to Europe and North America under the brands 'Inghams Ski', 'Esprit Ski' and 'Ski Total', plus two non-skiing winter programmes to Finland – a short break family programme under the brand 'Santa's Lapland' and 'Inghams Lapland' adventure and experience holidays. The company also offers summer holidays to Europe under the brands 'Inghams Lakes & Mountains' and 'Inghams Italy'. These holidays are typically marketed to UK consumers and sold by the company direct through our websites and reservation centre, as well as via our valued partner network of third party retail travel agents.

Business Review and Future Outlook
The company enjoyed a successful year in 2015/16, growing both turnover, gross profit margins[1] and EBITDA[2], despite several challenges outlined below. The wider UK economy saw a number of positive economic developments during the financial year ended 31 October 2016 that helped support holiday purchases; unemployment falling to an 11-year low, average weekly earnings finally seeing sustained growth, and very low price inflation which all contributed to an improvement in discretionary household income. However, it is important to note that the referendum on the 23 June 2016 in respect of the UK's continuing membership of the EU, and the subsequent Leave vote, occurred very late in the financial year. This therefore had little impact on trading given that the company's winter season was already over, and the early booking profile for summer 2016 holidays saw this programme very well sold by the time of the vote.

The ramifications of the Leave vote, and the resultant sharp and sustained decline in the value of Sterling, are expected to have more significant consequences on subsequent financial years, as average selling price increases become necessary to accommodate the weak exchange rate, and are delivered into an economy still dominated by political and economic uncertainty.

With respect to ski trading, winter 2015/16 disappointingly saw the third consecutive year of weak early snowfalls from November into December, resulting in lower passenger volumes and average selling prices in the first 6 weeks of the season, including the key Christmas and New Year departures, normally two of our top-performing dates. However, the remainder of the season enjoyed good snowfalls and cold temperatures, whilst the more convenient timing of Easter in late March (as opposed to April) helped late-season ski sales. Combined with another strong performance on our two Lapland programmes, this more than offset the disappointing start to the winter. As in previous seasons, aircraft capacity was only increased modestly year on year, limiting the damaging impact on load factors in the first six weeks of the ski season, and enabling more robust yield management in the latter stages, which culminated in a +1.4% increase in winter passenger volumes.

Our summer programmes carry guests principally to destinations such as Italy, Austria and Switzerland, so were unaffected by geopolitical events such as the attempted coup in Turkey. However, the flight of consumers to perceived 'safe-haven' areas did put pressure on availability and prices to Western Europe, whilst a trend towards more long-haul holidays also emerged as a result. In the light of the political and economic disruption caused by the run-up to, and immediate aftermath of the Brexit referendum, the Directors took a cautious approach to committed flight capacity for the summer and scaled back volumes slightly to reflect the anticipated weak 'lates' market. Despite these headwinds, thanks ultimately to strong aircraft load factors and the continuing growth of our Inghams Italy programme, we exceeded prior year summer volumes.

The unprecedented volatility in the currency markets saw the British Pound fluctuate between £1 = €1.44 in December 2015 to £1 = €1.09 in the aftermath of the Brexit referendum – such extreme movements within one financial year have proved extremely challenging to navigate. Both winter 2015/16 and summer 2016 foreign currency requirements were largely hedged at advantageous rates, so the company and its customers were therefore largely insulated from the immediate impact of the UK's decision to leave the EU. However, the timing of the referendum meant the forthcoming winter 2016/17 and summer 2017 seasons were only partially hedged at the time of the referendum, and will consequently see significant price increases as a result of the weakened British Pound.

[1] gross profit margin = turnover less cost of sales divided by turnover

[2] EBITDA = earnings before interest, tax, depreciation and amortisation

Strategic report *(continued)*

Business Review and Future Outlook *(continued)*
The directors employ a number of KPIs to monitor the performance of the business on a daily, weekly and monthly basis. The KPIs employed range from financial indicators such as margin per passenger, gross margin and EBITDA, through to non-financial monitoring of sales volumes, average selling prices and load factors of both aircraft seats and committed beds. The company also continues to monitor guest satisfaction rates, measured both internally and externally by third-party websites, and were therefore very pleased that Inghams won the **'Best Activity & Adventure Operator'** at the 2016 Travel Weekly Golden Globe Awards, whilst also being voted **'Best for Lakes & Mountains'** by Italia! Magazine. Esprit Ski meanwhile was voted **'Best Family Ski Operator'** in the 2016 Family Traveller Awards. These industry awards underline the company's continued commitment to improving customer experiences to deliver magical and memorable holidays.

Bookings for the financial year ending 31 October 2017 remain in line with expectations at this time, although the EU Leave vote, the weak Pound, and the timing of bank holidays over the Christmas/New Year period, will combine to see winter 2016/17 capacity reduce slightly against prior year. The company ran a 'price-freeze' promotion in the aftermath of the Brexit vote to insulate consumers for several months from the immediate impact of the weakened British Pound. This was important in boosting consumer confidence during a difficult period, but will erode gross margins year on year on these early sales for winter 16/17 and summer '17. With the widespread uncertainty caused by the referendum result, the impacts on both the UK economy, consumer confidence and discretionary travel spending in the light of exchange rates and increased holiday prices, are difficult to predict. Consequently, directors continue to monitor and react to consumer trends and developments in both the economic, political and regulatory market as the ongoing Brexit negotiations progress.

Results and Key Performance Indicators
Turnover increased +2.3% to £174.2m in the year (2015: £170.3m) on the back of a modest increase in passenger volumes. The company's continuing focus on margin per passenger (as opposed to volume) through strong utilisation of committed aircraft and bed capacity saw gross margin levels improve to 14.9% (2015: 13.5%), aided by higher average selling prices and advantageous foreign currency purchases pre-Brexit. This resulted in overall gross margin increasing +£2.9m to £25.9m (2015: £23.0m). Administrative costs fell modestly to £16.6m (2015: £16.8m), as the company continues to take a conservative approach to overhead spend in light of the wider challenges facing the industry. As a result of these movements, operating profits increased to £9.4m profit (2015: £6.3m). The operating profit includes depreciation and amortisation charges of £745k (2015: £680k), which result in an EBITDA of £10.1m (2015: £6.9m) when these accounting charges are added back. As a consequence of another strong financial year, we are pleased to report that net current assets increased to £19.5m (2015: £1.5m) due to the retained profits generated during the financial year and the movement in derivatives held on the balance sheet at the financial year end.

Going Concern
After making enquiries, and based on the assumptions outlined in the Accounting Policies in note 1, the directors are satisfied and confident that the company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these accounts. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Subsequent Events
The directors are not aware of any events since the balance sheet date that require disclosure or adjustments to the accounts.

Principal Risks and Uncertainties
As in any business within the travel industry, the company is exposed to a number of risks. Key amongst these, other than geopolitical events which remain outside our control, continue to be ensuring high load factors on chartered aircraft, committed beds and transfer coaches, while ensuring average selling prices exceed inflationary cost pressures and take account of exchange rate volatility. These risks are mitigated through tight purchasing controls and appropriate pricing, and are managed through close monitoring of the company's KPI's and general market conditions, as well as fixed price contracts with key suppliers.

Strategic report *(continued)*

Principal Risks and Uncertainties *(continued)*
The company's operations expose it to a variety of financial risks, which include the effects of foreign exchange, liquidity and supplier risks. The company has in place risk management procedures that seek to limit the adverse effects on the financial performance of the company. Given the size and structure of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. Policies are in accordance with guidelines issued by the ultimate parent undertaking, the Federation of Migros Co-operatives.

The company invests surplus funds with financial institutions and has interest-bearing deposits with the intermediate parent undertaking, Hotelplan Management A.G. The returns on these deposits are subject to risks arising from interest rate movements. Large sums are not deposited with any one institution, other than the ultimate parent undertaking, the Federation of Migros Co-operatives. The company limits its exposure to trade credit risk by requiring all consumers to pay for their holidays before departure and by limiting its dealings with agents that are not members of recognised trade bodies or who do not have suitable schemes in place to protect customers' money.

The company primarily offers its products for sale in British Pounds but pays suppliers in a variety of currencies. This risk is managed by a combination of purchasing sufficient forward contracts in major trading currencies to cover forecast liabilities arising from each brochure edition and amending prices as required to take account of currency fluctuations.

The company's overall objective is to ensure that it is at all times able to meet its financial commitments as and when they fall due. Accordingly, the maturity dates for the investments of surplus funds are set in line with expected cash flows. Liquidity improved during the year principally due to continued profitability filtering through to retained earnings.

The principal supplier risks relate to committed airline seats and accommodation providers. All aircraft seats and fuel are purchased at fixed prices well in advance for the relevant season and the directors' only work with established charter and scheduled airline operators. Hotel accommodation is non-committed, with annual reviews of agreed contract prices and allocations, whilst chalets are typically contracted on a fixed price rental contract denominated in foreign currency. Under the new FRS 102 reporting standard adopted for these accounts, the total value of chalet leases is disclosed in note 20 of these financial statements, and show a significant rise of £11.6m year on year to £47.6m (2015: £36.0m). This is largely down to the difference in foreign exchange rates at the two respective year-ends. Looking at our predominant currency the Euro, a rate of £1 = €1.11 was applied to 2016 balances, compared to £1 = €1.40 at 2015, equivalent to a 20.7% weakening and accounts the vast majority of the movement year on year. In anticipation of Brexit, the chalet leases have and will continue to be amended to provide for a break clause should operating these properties become financially onerous as a result of leaving the EU, giving the group further flexibility if required.

By order of the board

A Stewart
Director

31 March 2017

Directors' report

The Directors present their annual report on the affairs of the company, together with the financial statements for the year ended 31 October 2016, presented in accordance with applicable United Kingdom accounting standards.

Strategic report
Details of the company's principal activities and future developments, its principal risks and uncertainties and its key performance can be found in the strategic report on pages 1 to 3.

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

A Perrin
A Stewart (appointed 04/01/2016)
M Glesti (resigned (04/01/2016)
T Stirnimann (resigned 04/01/2016)

Proposed dividend
An interim dividend of £nil (2015: £nil) was paid during the year. The directors do not recommend payment of a final dividend for the current year (2015: £nil).

Employees
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees. The company also places considerable value on the involvement of its employees and keeps them informed on matters affecting their employment as well as on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, regular briefings and circulations of results and important public statements.

Overseas branches
The company has overseas branches in France and Austria trading under the name Hotelplan Limited.

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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information
An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the strategic report on pages 1 to 3.

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

A Stewart
Director

Mountain House, Station Road, Godalming, Surrey, GU7 1EX
31 March 2017

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, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with 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 company and of their profit or loss of the company for that period. In preparing each of these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Hotelplan Limited

We have audited the financial statements of Hotelplan Limited for the year ended 31 October 2016 set out on pages 8 to 31. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Hotelplan 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 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.

J Childs-Clarke

James Childs-Clarke (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
SO53 3TG

31 March 2017

Profit and Loss Account
for year ended 31 October 2016

	Note	2016 £000	2015 £000
Turnover	2	**174,155**	170,290
Cost of sales		**(148,234)**	(147,266)
Gross profit		**25,921**	23,024
Administrative expenses		**(16,616)**	(16,832)
Other operating income	3	**63**	67
Operating profit		**9,368**	6,259
Interest receivable and similar income	7	**839**	128
Interest payable and similar expenses	8	**(38)**	(333)
Other finance income		**1**	1
(Loss)/profit on sale of fixed assets		**(9)**	2
Profit before taxation		**10,161**	6,057
Tax on profit	9	**(1,972)**	(1,080)
Profit for the financial year		**8,189**	4,977

Statement of Other Comprehensive Income
for year ended 31 October 2016

	2016 £000	2015 £000
Profit for the year	**8,189**	4,977
Other comprehensive income		
Remeasurement of the net defined benefit asset	**346**	43
Deferred tax arising on changes in actuarial benefits	**(59)**	(8)
Deferred tax impact of transitional adjustment	**-**	(82)
Effective portion of changes in fair value of cash flow hedges	**6,719**	(4,076)
Net change in fair value of cash flow hedges recycled to profit or loss	**4,077**	3,058
Deferred tax on fair value of cash flow hedges recycled to profit or loss	**(815)**	(624)
Deferred tax on fair value of cash flow hedges	**(1,304)**	815
Other comprehensive income/(charges) for the year, net of tax	**8,964**	(874)
Total comprehensive income for the year	**17,153**	4,103

Balance Sheet
at 31 October 2016

	Note	2016	2015
		£000	£000
Fixed assets			
Tangible assets	*10*	**2,909**	2,648
Investments	*11*	**7,077**	7,077
Pensions and similar obligations	*18*	**261**	-
		10,247	9,725
Current assets			
Stocks	*13*	**234**	147
Debtors (including £nil due after more than one year (2015: £nil))	*14*	**24,268**	13,343
Cash at bank and in hand		**32,111**	36,392
Derivative financial instruments	*12*	**6,719**	-
Deferred tax asset	*16*	**-**	878
		63,332	50,760
Creditors: amounts falling due within one year	*15*	**(43,791)**	(49,233)
Net current assets		**19,541**	1,527
Total assets less current liabilities		**29,788**	11,252
Provisions for liabilities			
Deferred tax liability	*16*	**(1,325)**	-
Other provisions	*17*	**(598)**	(540)
		(1,923)	(540)
Net assets		27,865	10,712
Capital and reserves			
Called up share capital		**1,000**	1,000
Cash flow hedging reserve		**5,416**	(3,261)
Profit and loss account		**21,449**	12,973
Shareholders' funds		27,865	10,712

These financial statements were approved by the board of directors on 31 March 2017 and were signed on its behalf by:

A Perrin
Director

Company registered number: 00350786

Statement of Changes in Equity

	Called up Share capital	Cash flow hedging reserve	Profit & loss account	Total equity
	£000	£000	£000	£000
Balance at 1 November 2014	1,000	(2,434)	8,043	6,609
Total comprehensive income for the period				
Profit or loss	-	-	4,977	4,977
Other comprehensive income	-	(827)	(47)	(874)
Total comprehensive income for the period	-	(827)	4,930	4,103
Balance at 31 October 2015	**1,000**	**(3,261)**	**12,973**	**10,712**

	Called up Share capital	Cash flow hedging reserve	Profit & loss account	Total equity
	£000	£000	£000	£000
Balance at 1 November 2015	1,000	(3,261)	12,973	10,712
Total comprehensive income for the period				
Profit or loss	-	-	8,189	8,189
Other comprehensive income	-	8,677	287	8,964
Total comprehensive income for the period	-	8,677	8,476	17,153
Balance at 31 October 2016	**1,000**	**5,416**	**21,449**	**27,865**

Notes

(forming part of the financial statements)

1 Accounting policies

Hotelplan Limited (the "company") is a company limited by shares and incorporated and domiciled in England, UK.

These 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.

In the transition to FRS 102 from old UK GAAP, the company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the company is provided in note 23.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the company has not retrospectively changed its accounting under old UK GAAP for hedge accounting for any hedging relationships that no longer existed at the date of transition or accounting estimates.

The company's immediate parent undertaking, Hotelplan (U.K. Group) Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Hotelplan (U.K. Group) Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Mountain House, Station Road, Godalming, Surrey, GU7 1EX. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of Hotelplan (U.K. Group) Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosure:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The company is exempt under FRS 102 paragraph 33.1a from disclosing related party transactions with any companies that are wholly owned within Hotelplan (U.K. Group) Limited.

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: derivative financial instruments.

1.2 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 business review on pages 1 and 2. The financial position of the company, its cash flows and liquidity position are described in the strategic report on pages 1 to 3. In addition, the strategic report also includes the company's objectives, policies and processes for managing its capital; its financial risk objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The company has considerable financial resources together with long term contracts with a number of key suppliers across the different geographic areas offered to our customers. The company continues to maintain high customer satisfaction scores and loyalty resulting in a favourable and early repeat booking cycle. The company delivered considerable profit growth in the year thanks to careful yield management and capacity decisions with respect to the product offering. The directors believe that the company is well placed to manage its business risks successfully.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going Concern (continued)

At the financial year-end, the company has favourable forward sales for the coming winter and summer seasons giving good visibility over future cash flows. This is supported by the 3 year long range plan which forecasts increased volumes and profitability, resulting in an improvement in working capital and net current assets. The directors consequently have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these accounts. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the company's 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 in interest receivable and similar income or interest payable and similar expenses except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

1.4 Cash in transit

Cash in transit reflects client monies paid by credit or debit card in respect of the settlement of their holiday balance. These monies take approximately 3 to 4 working days to arrive in Hotelplan Limited's bank account from date of payment and are consequently disclosed within trade debtors.

1.5 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.6 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Basic financial instruments (continued)

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.7 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:

- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

1.8 Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

The company assesses at each reporting date whether tangible fixed assets 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. The estimated useful lives are as follows:

• leasehold improvements	10 years
• fixtures, fittings and equipment	3-9 years
• motor vehicles	6 years
• computer software	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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Stock

Stock comprises raw materials and consumables. Stock is stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Provisions, if necessary, are made for slow moving, obsolete and defective stock. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

1.10 Impairment excluding stocks 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 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").

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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)*

1.11 Employee benefits

Defined benefit plans

For eligible employees the company pays for employee pension benefits by contributing to a company defined benefit pension scheme. The scheme assets are held independently of the company. The expected future costs of providing pensions for employees under the company's defined benefits pension scheme are provided in the balance sheet of the company, net of assets held by the pension scheme and the value of any expected tax liability or relief. Costs relating to employees service are charged to the profit and loss account. Gains and losses arising from actuarial revaluations are recognised in other comprehensive income in the period in which it occurs. Returns on the assets of the pension scheme and notional interest on the liabilities of the scheme are credited or charged to other finance income or expense in the profit and loss account. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability.

Following the closure of the company defined benefit pension scheme to new entrants in 2007, the company introduced the Hotelplan Limited Group Stakeholder Pension Plan for new employees which was closed to new entrants in 2010. All other remaining eligible employees were auto-enrolled on 1st May 2014 into a Group Personal Pension Plan in accordance with new pension legislation. The assets of both latter the scheme are held separately from those of the company in an independently administered fund.

The pension cost charge disclosed in note 18 represents contributions payable by the company to the fund accounted for under Financial Reporting Standard 102 'Pension Obligations'.

1.12 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.

1.13 Turnover

Turnover is the aggregate value receivable, net of discounts, from inclusive tours, commissions and other travel services. Where the Group bears the risks of the service provided, it is the principal to the transaction and recognises turnover accordingly. Where this is not the case, only the commission earned is recognised as turnover. Turnover is recognised on the date of departure.

1.14 Other operating income

Operating income is income derived from the purchase of flights using a third party online reservation system.

1.15 Expenses

Brochure and marketing costs

Brochure, sales and marketing costs are written off as incurred.

Operating lease

Payments made for rentals under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Interest receivable and interest payable

Interest payable and similar expenses include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Notes *(continued)*

1 Accounting policies *(continued)*

1.15 Expenses (continued)

Interest receivable and interest payable (continued)

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

Interest income and interest payable are recognised in profit or loss as they accrue. Foreign currency gains and losses are reported on a net basis.

1.16 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, 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.

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. Deferred tax balances are not discounted.

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

2 Turnover

Turnover is attributable to one continuing activity, the provision of leisure travel services. An analysis of turnover by geographical market in which the turnover arose is given below:

	2016 £000	2015 £000
United Kingdom	**172,516**	168,594
Rest of World	**1,639**	1,696
	174,155	170,290

Notes *(continued)*

3 Other operating income

	2016 £000	2015 £000
Commission from airline booking system	63	67
	63	67

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2016 £000	2015 £000
Auditor remuneration:		
- audit of these financial statements	54	49
Depreciation - owned assets	745	680
Loss/(profit) on sale of tangible fixed assets	9	(2)
Operating lease charges:		
- land and buildings	17,546	18,670
- other operating leases	194	111
Management fee receivable from subsidiary undertakings	(22,354)	(19,252)
Management fee payable to subsidiary undertakings	268	1,166
Management fee payable to parent undertaking	967	953
Foreign exchange losses/(gains)	571	(1,445)

Management fee payable to parent undertaking relates to head office recharges. Disclosure of fees payable to the auditor and its associates for other (non-audit) services has not been made because the consolidated accounts of the company's parent are required to disclose other (non-audit) services on a consolidated basis.

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed (including directors, excluding overseas resort and chalet staff on seasonal contracts) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Sales	**122**	114
Operations	**45**	40
IT	**11**	9
Finance and administration	**20**	19
	198	182

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£000	£000
Wages and salaries	**7,069**	6,561
Social security costs	**836**	796
Contributions to defined contribution plans	**181**	93
Expenses related to defined benefit plans	**149**	151
	8,235	7,601

6 Directors' remuneration

	2016	2015
	£000	£000
Directors' emoluments	**296**	159
Directors' pension contributions to money purchase pension plans	**18**	6
	314	165

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £191k (2015: £159k), and company pension contributions of £11k (2015: £6k) were made to a money purchase scheme on his behalf.

	Number of directors	
	2016	2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**2**	1
Defined benefit schemes	**-**	-

Notes *(continued)*

7 Interest receivable and similar income

	2016 £000	2015 £000
Bank interest receivable	**58**	62
Interest receivable from group undertakings	**60**	66
Net foreign exchange gain	**721**	-
Total interest receivable and similar income	**839**	128

8 Interest payable and similar expenses

	2016 £000	2015 £000
Bank interest payable	**34**	32
Interest payable to group undertakings	**4**	6
Net foreign exchange loss	**-**	295
Total interest payable and similar expenses	**38**	333

9 Taxation

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

	2016 *£000*	*£000*	2015 *£000*	*£000*
Current tax				
Current tax on income for the period	1;816		944	
Adjustments in respect of prior periods	(106)		(94)	
Double taxation relief	(313)		(130)	
Overseas corporation tax on profits for the year	492		208	
Total current tax		1,889		928
Deferred tax				
Origination and reversal of timing differences	4		161	
Pension payments in excess of pension costs	(1)		(9)	
Adjustments in respect of prior periods	78		-	
Change in tax rate	2		-	
Total deferred tax		83		152
Total tax		1,972		1,080

Notes *(continued)*

9 Taxation *(continued)*

	2016 £000 Current tax	2016 £000 Deferred tax	2016 £000 Total tax	2015 £000 Current tax	2015 £000 Deferred tax	2015 £000 Total tax
Recognised in Profit and loss account	**1,889**	**83**	**1,972**	928	152	1,080
Recognised in other comprehensive income	**-**	**2,178**	**2,178**	-	(101)	(101)
Total tax	**1,889**	**2,261**	**4,150**	928	51	979

Analysis of total tax recognised in profit and loss

	2016 £000	2015 £000
Profit excluding taxation	**10,161**	6,057
UK corporation tax at rate of 20.0% (2015: 20.4%)	**2,032**	1,236
Expenses not deductible for tax purposes	**3**	19
Adjustments in respect of prior years	**(28)**	(94)
Group relief claimed for nil payment	**(216)**	(159)
Double taxation relief	**(313)**	(130)
Change in tax rate	**2**	-
Foreign tax	**492**	208
Total tax recognised in profit and loss	**1,972**	1,080

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 October 2016 has been calculated based on these rates.

Notes *(continued)*

10 Tangible fixed assets

	Leasehold improvements £000	Fixtures & Fittings £000	Motor Vehicles £000	Computer software £000	Assets under construction £000	Total £000
Cost						
Balance at 1 November 2015	44	4,260	113	881	41	5,339
Additions	-	547	-	509	(41)	1,015
Disposals	-	(28)	-	-	-	(28)
Balance at 31 October 2016	44	4,779	113	1,390	-	6,326
Depreciation						
Balance at 1 November 2015	13	2,185	76	417	-	2,691
Depreciation charge for the year	4	539	12	190	-	745
Disposals	-	(19)	-	-	-	(19)
Balance at 31 October 2016	17	2,705	88	607	-	3,417
Net book value						
At 1 November 2015	31	2,075	37	464	41	2,648
At 31 October 2016	**27**	**2,074**	**25**	**783**	**-**	**2,909**

Notes *(continued)*

11 Fixed asset investments

	Shares in Group undertakings £000
Cost	
At beginning of year	7,077
Additions	-
At end of year	7,077

The directors believe that the carrying value of investments is supported by their underlying net assets.

Subsidiary undertakings
The following companies are wholly-owned subsidiary undertakings and operate in the country of incorporation:

Name	% ownership of ordinary shares	Country of incorporation	Principal activity
Hotelplan (Transport) Limited	100%	England	Transport services
Hotelplan Inghams Sarl	100%	France	Dormant
Inter Chalet Ferienhaus A.G	100%	Switzerland	Provision of holiday accommodation
Inntravel Limited	100%	England	Tour operator
Hotelplan Travel Srl	100%	Italy	Provision of holiday accommodation
Inghams Canada Ltd	100%	Canada	Representative office
Itinerary Limited *	100%	England	Transport services

*Shareholding held by subsidiary of Hotelplan Limited.

12 Other financial assets

	2016 £000	2015 £000
Other financial assets		
Derivatives	6,719	-
	6,719	-

Notes *(continued)*

13 Stocks

	2016	2015
	£000	£000
Raw materials and consumables	**234**	147
	234	147

14 Debtors

	2016	2015
	£000	£000
Trade debtors	**1,564**	1,109
Amounts owed by ultimate parent undertaking	**45**	1,085
Amounts owed by fellow subsidiary undertakings	**12,324**	314
Other debtors	**3,919**	3,983
Prepayments	**6,416**	6,852
	24,268	13,343
Due within one year	**24,268**	13,343
Due after more than one year	**-**	-
	24,268	13,343

Amounts owed by fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

Notes *(continued)*

15 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	2,584	1,922
Amounts owed to fellow subsidiary undertakings	1,556	2,833
Payments in respect of future holidays	33,671	35,348
Corporation tax	1,032	378
Taxation and social security	348	179
Accruals	4,600	4,497
Other financial liabilities	-	4,076
	43,791	49,233

Amounts owed to fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

16 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2016 £000	2015 £000	Liabilities 2016 £000	2015 £000	Net 2016 £000	2015 £000
Accelerated capital allowances	-	-	(124)	(45)	(124)	(45)
Derivative contracts	-	815	(1,304)	-	(1,304)	815
Other	103	108	-	-	103	108
Net tax assets / (liabilities)	103	923	(1,428)	(45)	(1,325)	878

17 Provisions

	Litigation £000	Other provisions £000	Total £000
Balance at 1 November 2015	539	1	540
Provisions made during the year	-	1	1
Provisions used during the year	(35)	-	(35)
Provisions reversed during the year	(31)	-	(31)
FX Revaluation of b/f provisions	123	-	123
Balance at 31 October 2016	596	2	598

During the year, £25k of provisions were consumed in relation to Austria overseas taxes and a further £10k in respect to a historic pension matter. Other provisions relate to Austrian staff termination costs that are provided for based on years of service in line with local employment legislation.

Notes *(continued)*

18 Employee benefits

The company's defined benefits scheme was closed to new members with effect from 1 November 2007 and as a result, under the projected unit method, current service cost will increase as members approach retirement. This is a fully funded scheme with contributions paid by both the company and its employees. The most recent formal actuarial valuation was undertaken as at 1 November 2015, and updated to 1 November 2016, by a qualified independent actuary of The Royal London Mutual Insurance Society Limited.

Financial Reporting Standard 102 disclosures are based on the policy that benefits are based on final pensionable salary. The assets of the scheme are held separately from those of the company. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Net pension asset

	2016 £000
Defined benefit obligation	
Plan asset	315
Deferred tax on plan asset	(54)
Net pension asset	261

The pension asset is net of a restriction in the asset ceiling of £1,043k (2015: £1,475k), thereby resulting in a net defined benefit asset of £1,358k (2015: £1,475k) prior to the effect of the asset ceiling. The asset ceiling is a combination of interest of £56k (2015: £47k) and other effects totalling (£488k) (2015: £230k) applied to the opening balance sheet amount.

Movements in present value of defined benefit obligation

	2016 £000
At 1 November 2015	25,872
Current service cost	129
Interest expense	972
Remeasurement: actuarial gains/(losses)	6,316
Contributions by members	39
Benefits paid	(689)
At 31 October 2016	32,639

Movements in fair value of plan assets

	2016 £000
At 1 November 2015	27,347
Interest income	1,029
Remeasurement: return on plan assets less interest income	6,175
Contributions by employer	96
Contributions by members	39
Benefits paid	(689)
At 31 October 2016	33,997

Notes *(continued)*

18 Employee benefits *(continued)*

Expense recognised in the profit and loss account

	2016 £000	2015 £000
Current service cost	**129**	149
Net interest on net defined benefit asset	**(1)**	(1)
Total expense recognised in profit or loss	**128**	148

	2016 Fair value %	2015 Fair value %
Equities	**25%**	54%
Government debt	**16%**	9%
Corporate bonds	**28%**	15%
Property	**20%**	14%
Cash (Trustee bank account) net of current liabilities	**1%**	-4%
Other	**10%**	12%
	100%	100%

	£'000	£'000
Actual return on plan assets	**7,204**	1,467

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2016 %	2015 %
Discount rate	2.7	3.8
Future salary increases	3.6	3.4
Retail price inflation	3.5	3.3
Consumer price inflation	2.6	2.4
Rate of increase in pensions in payment:		
Pension earned before 01/05/00 in excess of GMP	5.0	5.0
Pension earned between 01/05/00 and 05/04/05	3.5	3.3
Pension earned on or after 06/04/05	2.5	2.5

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.9 years (male), 23.9 years (female).
- Future retiree upon reaching 65: 23.2 years (male), 25.4 years (female).

Notes *(continued)*

18 Employee benefits *(continued)*

The Directors' best estimate at the time of approval of these financial statements is for cash contributions of £88k (2015: £160k) will be required to be paid into the scheme for the year ending 31 October 2017.

Defined contribution plans
The company commenced operating a defined contribution pension scheme during 2008 and introduced a Group Personal Pension Plan for auto enrolment purposes for all remaining eligible employees during 2014. The amount charged in the year represents the contributions payable to the schemes in respect of the accounting period and amounted to £181k (2015: £93k). No amounts remain outstanding as at 31 October 2016 in respect of either scheme (2015: £nil).

19 Capital and reserves

Share capital

	2016 £000	2015 £000
Authorised		
1,000,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	**1,000**	1,000

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.

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016 £000	2015 £000
Operating lease commitments which expire:		
Within one year	**17,816**	15,448
Between one and five years	**22,104**	17,727
In more than five years	**7,681**	2,850
	47,601	36,025

During the year £17,740k was recognised as an expense in the profit and loss account in respect of operating leases (2015: £18,781k).

Notes *(continued)*

21 Ultimate parent company and controlling party

The company is a wholly owned subsidiary undertaking of Hotelplan (U.K. Group) Limited. The ultimate controlling party is the Federation of Migros Co-operatives, a co-operative incorporated in Switzerland.

The Federation of Migros Co-operatives is the parent undertaking for the largest group of undertaking to consolidate these financial statements at 31 December 2016. The consolidated financial statements of the Federation of Migros Co-operatives are available from 152 Limmatstrasse, CH8005, Zurich, Switzerland.

Hotelplan (U.K. Group) Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Hotelplan (U.K. Group) Limited can be obtained from Mountain House, Station Road, Godalming, Surrey, GU7 1EX, United Kingdom.

22 Accounting estimates and judgements

Key sources of estimation uncertainty

There are no key assumptions for the company concerning the future and other key sources of estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year.

Critical accounting judgements in applying the Company's accounting policies

Certain critical accounting judgements in applying the Company's accounting policies are described below.

- The application of hedge accounting on derivative contracts. The company enters into committed accommodation commitments and therefore has good visibility over future volumes. Furthermore, the company encompasses a number of established brands with established, and consistent trading patterns, giving management clear visibility over expected demand volumes and future cash outlfows enabling a high degree of accuracy in our hedging arrangements.
- In determining the value of the defined benefit obligation, the company uses the actuarial services of the independent consultants Royal London Mutual Insurance Society Limited to undertake this measurement.

23 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 October 2016 and the comparative information presented in these financial statements for the year ended 31 October 2015.

Notes *(continued)*

23 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

Reconciliation of equity

	Note	1 November 2014 comparative UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 £000	31 October 2015 comparative UK GAAP £000	Effect of transition to FRS 102 £000	FRS 102 £000
Fixed assets							
Tangible fixed assets		2,499	-	2,499	2,648	-	2,648
Investments		7,077	-	7,077	7,077	-	7,077
		9,576	-	9,576	9,725	-	9,725
Current assets							
Stocks		181	-	181	147	-	147
Debtors (due within one year)		11,846	-	11,846	13,343	-	13,343
Deferred tax asset	a,b	224	624	848	63	815	878
Cash at bank and in hand		27,004	-	27,004	36,392	-	36,392
		39,255	624	39,879	49,945	815	50,760
Creditors: amounts due within one year	a	(38,925)	(3,058)	(41,983)	(45,157)	(4,076)	(49,233)
Net current assets		330	(2,434)	(2,104)	4,788	(3,261)	1,527
Provisions for liabilities							
Deferred tax liability		-	-	-	-	-	-
Other provisions		(863)	-	(863)	(540)	-	(540)
Pension asset	c	610	(610)	-	529	(529)	-
		(253)	(610)	(863)	(11)	(529)	(540)
Net assets		9,653	(3,044)	6,609	14,502	(3,790)	10,712
Capital and reserves							
Called up share capital		1,000	-	1,000	1,000	-	1,000
Cash flow hedging reserve	b	-	(2,434)	(2,434)	-	(3,261)	(3,261)
Profit and loss account	c	8,653	(610)	8,043	13,502	(529)	12,973
Shareholders' equity		9,653	(3,044)	6,609	14,502	(3,790)	10,712

Notes to the reconciliation of equity

a) Recognition of derivative financial instruments on the balance sheet as assets and liabilities.
b) Application of hedge accounting to derivative financial instruments.
c) Restatement of defined benefit pension scheme in accordance with FRS 102 valuation methodologies, resulting in an alternate calculation of the net pension asset.

Notes *(continued)*

23 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

Reconciliation of profit for comparative

	Note	UK GAAP £000	2015 Effect of transition to FRS 102 £000	FRS 102 £000
Turnover	*a*	181,433	(11,143)	170,290
Cost of Sales	*a*	(158,409)	11,143	(147,266)
Gross Profit		23,024	-	23,024
Administrative expenses	*b*	(16,272)	(560)	(16,832)
Other operating income		67	-	67
Operating profit		6,819	(560)	6,259
Interest receivable and similar income		128	-	128
Interest payable and similar expenses		(333)	-	(333)
Other finance income	*b*	151	(150)	1
Profit on sale of fixed assets		2	-	2
Profit before taxation		6,767	(710)	6,057
Tax on profit	*b*	(1,307)	227	(1,080)
Profit for the financial year		5,460	(483)	4,977

Notes to the reconciliation of profit

a) Following a review of the FRS 102 requirements, turnover relating to sales made in resort whereby the company are not considered as principal is to be restated on a net commission basis to reflect the risks and rewards of the transactions. A reclassification only so no impact to the net profit before taxation figure.

b) Restatement of defined benefit pension scheme in accordance with FRS 102 valuation methodologies, resulting in an alternate calculation of the net pension asset.