

# **Hotelplan Limited**

Annual report and financial statements

Registered number 00350786

31 October 2018



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## Strategic report

### Principal Activities

The principal activity of the company continues to be that of a specialist 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 'Inghams' brand. 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 ongoing ramifications of the UK's decision to leave the EU continued to dominate both the political and economic markets, leading to a greater degree of caution in consumer confidence and household spending during the financial year. With negotiations seemingly floundering, and our future relationship with the EU uncertain, we took a more cautious approach to capacity for winter 2017/18 and summer 2018 given Europe remains our primary destination. This has manifested through reduced committed chalet properties and charter flying, whilst adding further volumes with our trusted third party hotelier network and scheduled and low-cost flights. Our guests have seen significant increases in average selling prices as the value of Sterling, versus our primary currencies of the Euro and Swiss Franc, weakened further as the Brexit negotiations continued. These volatile currency movements, added approximately £7m to our cost base for liabilities denominated in foreign currency, which we were not entirely able to absorb in the necessary selling price increases, leading to a decline in gross profit margins. The combative approach to the UK's Brexit negotiations have also been felt in respect to overseas compliance inspections, which have increased considerably since the referendum result, and resulted in additional compliance costs.

Outside of geopolitical headwinds, the financial year felt the impact on the sad demise of Monarch Airlines in October 2017. Around a quarter of our flying to the Alps needed to be re-sourced, resulting in some flying with more expensive providers at late notice, and considerable guest disruption with schedule changes.

More significantly, four consecutive poor starts to the Ski season in terms of snow undermined booking confidence and reduced demand on early season 2017/18 ski departures. However, following a deluge of snow in late December and early January, we were delighted to see excellent snow conditions prevail across the Alps. Whilst much needed, the sheer quantity impacted considerably on our, and other operators, transport arrangements over key arrival weekends in late December and early January, leading to £0.3m of additional repatriation, accommodation and welfare costs as we ensured our guests were well cared for. The upside here was these excellent snow conditions ensured booking confidence remained strong in the latter half of the season, contributing to excellent aircraft and bed load factors. This was supplemented by another strong year in Finland as we expanded both our Lapland programmes which helped overall winter volumes to be flat year on year.

In light of Brexit, summer 2018 was expected to prove challenging so an early decision was taken to remove 8.7% of charter flight capacity. A combination of the weakened British Pound and a record UK summer heatwave during 2018 contributed to weaker demand as some consumers elected to staycation. The resurgence of the Eastern Mediterranean and Tunisia provided ample cheaper beds to the market, at a time when the British Pound and more international demand was driving price increases to our primary destinations of Italy, Austria and Switzerland. Like many operators, the competitive late selling market consequently proved especially difficult and culminated in a 4.7% reduction in overall summer passenger volumes.

The financial year has been another challenging one for the travel industry which ultimately has seen a modest reduction in total passenger numbers, and more significant impact on EBITDA<sup>1</sup> of the company. Travel is by no means alone with the wider market malaise also reflected in the difficulties faced by high street retailers and restaurateurs. However, the importance of taking time out with friends and family to enjoy holidays and new experiences remains almost 'sacrosanct' and we are confident that our more specialist product-offerings and innovation in niche destinations will ensure the company returns to growing profit margins in the longer-term. However, during the year the company have looked to reduce headcount and not backfill open positions as well as moderating our physical brochure costs to help control our administrative costs. At the same time, we have continued to invest in our digital, CRM and e-commerce capability to help improve online sales, conversion, SEO and deliver more personalised and relevant content to our guests.

<sup>1</sup> 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 profit margin<sup>2</sup> 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 continued to monitor guest satisfaction rates (97% rating their experience Good or Excellent), measured both internally and externally by third-party websites and were therefore pleased once again to see our Net Promoter Score rise significantly across all brands year on year (+64 in Winter, +70 in Summer). This all helps to drive customer loyalty and repeat rates. Inghams also won the 'Best Activity & Adventure Operator' at the 2018 Travel Weekly Golden Globe Awards for the third consecutive year, a testament to our reputation and standing among our 3<sup>rd</sup> party travel agents.

It remains of paramount importance to the industry that a replacement to the EU Posted Workers Directive is negotiated. The company, and many other UK inbound and outbound operators, use this mechanism to send seasonal workers to and from Europe in a relatively frictionless manner to service our customers. It faces eradication following the decision to leave the EU and the company are lobbying, with much of the industry, both in the UK and overseas to source innovative ways of replacing this. Whilst confident of securing some alternatives in time (and more local workforce), this has contributed to a number of ski tour operators downsizing their commitments whilst this uncertainty ensues, thereby tightening supply.

Bookings for the financial year ending 31 October 2019 remain in line with expectations at this time. We have once again taken a cautious approach to committed capacity in light of the ongoing Brexit negotiations, a weaker consumer market and later Easter, which falls poorly for the ski season. It has proved difficult to entirely pass on the impact of further declines in foreign exchange buying rates to customers at a time when household finances and discretionary spending remain under considerable pressure. However, our resilient client base and a second successive season of strong early snowfalls in winter 2018/19 should bolster confidence in snow conditions and encourage further ski bookings for this and future booking cycles. Simultaneously, the company continues to monitor and react to consumer trends and developments, introducing new product and testing new operating models to ensure we are fit for the operating environment we will face in future years.

### Results and Key Performance Indicators

Turnover increased by 5.3% to £183.9m in the year (2017: £174.6m) driven by holiday price increases, offset slightly by a modest 1.1% reduction in passenger volumes. However, the selling prices achieved were still insufficient to cover our foreign exchange and inflationary pressures, in addition to more unusual costs associated with snow disruption and fewer profitable summer passengers. Consequently, gross profit margin fell to 11.1% (2017: 12.9%), as these factors took their toll, which saw overall gross margin fall £2.2m to £20.4m (2017: £22.6m). Administrative costs increased to £18.0m (2017: £17.5m), as the much-needed expansion of our digital and e-commerce capability led to increased staff costs and amortisation costs. This was supplemented by some restructuring costs as the management addressed staffing in other departments, both in the UK and overseas, to ensure our cost base moderates in the coming years. The financial year also saw increased Head Office costs following a 5-year rent renewal whilst legal & professional fees rose as advice was sought on Brexit contingency planning and M&A. As a result of these movements, operating profits reduced to £2.6m profit (2017: £5.1m). The operating profit includes depreciation and amortisation charges of £1.3m (2017: £1.0m), which result in an EBITDA of £3.8m (2017: £6.1m) when these accounting charges are added back. The company declared a dividend of £nil (2017: £10.0m) to the immediate parent company. Please note that there was a £2.8m gain (2017: £nil) following the write back of an intercompany loan after a wider group corporate restructuring initiative, culminating in the dissolution of several entities. This resulted in several intercompany balances being written down, albeit the ultimate impact netted to £nil in the consolidated accounts of the company's immediate parent. As a result of retained profits generated during the financial year, and the movement in derivatives held on the balance sheet, net current assets rose to £17.8m (2017: £12.4m).

### 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.

<sup>2</sup> gross profit margin = turnover less cost of sales divided by turnover

## Strategic report *(continued)*

### 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.

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 at this time 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. In anticipation of Brexit and potential challenges around the sourcing of labour, 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



**P Carter**  
Director

28 March 2019

## Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 October 2018, 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 Stewart  
P Carter

### Proposed dividend

There was no interim dividend payment made during the year (2017: £10m). The directors do not recommend payment of a final dividend for the current year (2017: £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.

### Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## **Directors' report** *(continued)*

### **Statement of directors' responsibilities** *(continued)*

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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure of information to auditors**

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 auditors are 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 auditors are 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.

### **Independent auditors**

Following a group-wide tendering process, PricewaterhouseCoopers LLP were appointed as auditors of the company for the year ended 31 October 2018. The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the board



**A Stewart**  
*Director*

Mountain House, Station Road, Godalming, Surrey, GU7 1EX  
28 March 2019

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

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Hotelplan Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 October 2018; the Profit and Loss account, the Statement of Other Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material



## **Independent auditor's report to the members of Hotelplan Limited (continued)**

### **Reporting on other information (continued)**

inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 October 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of director's responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Independent auditor's report to the members of Hotelplan Limited** *(continued)*

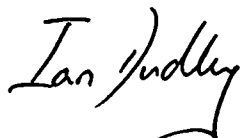
### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



**Ian Dudley (Senior Statutory Auditor)**  
**for and on behalf of PricewaterhouseCoopers LLP**  
Chartered Accountants and Statutory Auditors  
Gatwick

**28** March 2019

**Profit and Loss Account**  
*for year ended 31 October 2018*

	<i>Note</i>	<b>2018</b>	<b>2017</b>
		<b>£000</b>	<b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>183,923</b>	<b>174,622</b>
Cost of sales		<b>(163,478)</b>	<b>(152,056)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>20,445</b>	<b>22,566</b>
Administrative expenses		<b>( 17,950)</b>	<b>(17,486)</b>
Other operating income	<b>3</b>	<b>62</b>	<b>64</b>
		<hr/>	<hr/>
<b>Operating profit</b>	<b>4</b>	<b>2,557</b>	<b>5,144</b>
Interest receivable and similar income	<b>7</b>	<b>249</b>	<b>102</b>
Interest payable and similar expenses	<b>8</b>	<b>(3)</b>	<b>(267)</b>
Other finance (expenses)/income		<b>(28)</b>	<b>9</b>
Loss on sale of fixed assets		<b>(6)</b>	<b>(11)</b>
Impairment of company loan		<b>2,800</b>	<b>(17)</b>
Dividend Received		<b>-</b>	<b>7,000</b>
		<hr/>	<hr/>
<b>Profit before taxation</b>		<b>5,569</b>	<b>11,960</b>
Tax on profit	<b>9</b>	<b>(463)</b>	<b>(861)</b>
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>5,106</b>	<b>11,099</b>
		<hr/>	<hr/>

The accompanying notes form an integral part of the financial statements.

**Statement of Other Comprehensive Income**  
*for year ended 31 October 2018*

	<b>2018</b>	2017
	<b>£000</b>	£000
<b>Profit for the year</b>	<b>5,106</b>	11,099
	<hr/>	<hr/>
<b>Other comprehensive income/(expense)</b>		
Remeasurement of the net defined benefit asset	2	(635)
Deferred tax arising on changes in actuarial benefits	-	108
Effective portion of changes in fair value of cash flow hedges	(875)	(2,582)
Net change in fair value of cash flow hedges recycled to profit or loss	2,582	(6,719)
Deferred tax on fair value of cash flow hedges recycled to profit or loss	(490)	1,304
Deferred tax on fair value of cash flow hedges	166	490
	<hr/>	<hr/>
<b>Other comprehensive income/(expense) for the year, net of tax</b>	<b>1,385</b>	(8,034)
	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>6,491</b>	3,065
	<hr/> <hr/>	<hr/> <hr/>

**Balance Sheet**  
*at 31 October 2018*

	<i>Note</i>	<b>2018</b> <b>£000</b>	2017 Reclassified* £000
<b>Fixed assets</b>			
Tangible assets	<i>10</i>	<b>1,644</b>	2,122
Intangible assets	<i>11</i>	<b>1,058</b>	1,047
Investments	<i>12</i>	<b>7,072</b>	7,072
		<hr/> <b>9,774</b>	<hr/> <b>10,241</b>
<b>Current assets</b>			
Stocks	<i>13</i>	<b>227</b>	234
Debtors	<i>14</i>	<b>34,618</b>	30,125
Cash at bank and in hand		<b>30,389</b>	28,108
Deferred tax asset	<i>17</i>	<b>163</b>	501
		<hr/> <b>65,397</b>	<hr/> <b>58,968</b>
<b>Creditors: amounts falling due within one year</b>	<i>15</i>	<b>(47,597)</b>	(46,553)
		<hr/> <b>17,800</b>	<hr/> <b>12,415</b>
<b>Net current assets</b>			
		<hr/> <b>27,574</b>	<hr/> <b>22,656</b>
<b>Total assets less current liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	<i>16</i>	<b>-</b>	(966)
<b>Provisions for liabilities</b>			
Other provisions	<i>18</i>	<b>(153)</b>	(760)
		<hr/> <b>(153)</b>	<hr/> <b>(1,726)</b>
<b>Net assets</b>		<hr/> <b>27,421</b>	<hr/> <b>20,930</b>
<b>Capital and reserves</b>			
Called up share capital	<i>20</i>	<b>1,000</b>	1,000
Cash flow hedging reserve		<b>(708)</b>	(2,091)
Profit and loss account		<b>27,129</b>	22,021
<b>Shareholders' funds</b>		<hr/> <b>27,421</b>	<hr/> <b>20,930</b>

\* Refer to note 1.18

The accompanying notes form an integral part of the financial statements.

These financial statements were approved by the board of directors on **28** March 2019 and were signed on its behalf by:



**A Stewart**  
*Director*

Company registered number: 00350786

## Statement of Changes in Equity

	Called up Share capital £000	Cash flow hedging reserve £000	Profit & loss account £000	Total equity £000
Balance at 1 November 2016	1,000	5,416	21,449	27,865
<b>Total comprehensive (expense)/income for the year</b>				
Profit for the financial year	-	-	11,099	11,099
Other comprehensive income	-	(7,507)	(527)	(8,034)
Dividends	-	-	(10,000)	(10,000)
<b>Total comprehensive (expense)/income for the year</b>	<b>-</b>	<b>(7,507)</b>	<b>572</b>	<b>(6,935)</b>
<b>Balance at 31 October 2017</b>	<b>1,000</b>	<b>(2,091)</b>	<b>22,021</b>	<b>20,930</b>

	Called up Share capital £000	Cash flow hedging reserve £000	Profit & loss account £000	Total equity £000
Balance at 1 November 2017	1,000	(2,091)	22,021	20,930
<b>Total comprehensive income for the year</b>				
Profit for the financial year	-	-	5,106	5,106
Other comprehensive income	-	1,383	2	1,385
Dividends	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,383</b>	<b>5,108</b>	<b>6,491</b>
<b>Balance at 31 October 2018</b>	<b>1,000</b>	<b>(708)</b>	<b>27,129</b>	<b>27,421</b>

The accompanying notes form an integral part of the financial statements.

## 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.

The company is a wholly owned subsidiary of Hotelplan (U.K. Group) Limited. It is included in the consolidated financial statements of Hotelplan (U.K. Group) Limited which are publicly available. The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The address of the parent’s registered office is Mountain House, Station Road, Godalming, Surrey, GU7 1EX.

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.

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

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 Federation of Migros Co-operatives.

#### 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 further profits in the year despite several headwinds 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 satisfactory 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 continued 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 between 3 to 21 working days to arrive in Hotelpplan Limited's bank account from date of payment and are consequently disclosed within trade debtors.

#### **1.5 Classification of financial instruments issued by the company**

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

- (a) they include no contractual obligations upon the company 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 company; 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*

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

Depreciation methods, useful lives and residual values are reviewed annually or 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. The effect of any change is accounted for prospectively.

#### 1.9 Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of five years and system development over three years on a straight line basis. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.10 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.

#### 1.11 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)

#### 1.12 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 1<sup>st</sup> May 2014 into a Group Personal Pension Plan in accordance with new pension legislation. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost charge disclosed in note 19 represents contributions payable by the company to the fund accounted for under Financial Reporting Standard 102 'Pension Obligations'. With effect 1<sup>st</sup> November 2017, the scheme was closed to future accrual and the small number of active members transferred to a defined contribution scheme.

#### 1.13 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.

#### 1.14 Turnover

Turnover is the aggregate value receivable, net of discounts, from inclusive tours, commissions and other travel services. Where the company 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 and any ancillary sales made locally in resort are recognised at point of sale. Cancellation income is included within turnover and is recognised on the original date of departure.

#### 1.15 Other operating income

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

#### 1.16 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)

#### 1.16 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.

#### 1.17 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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 1.18 Prior year reclassification

Intangible assets have been reclassified from tangible assets in the year on the Balance Sheet, resulting in a reclassification of £1.047m for the prior year.

### 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:

	2018 £000	2017 £000
United Kingdom	180,419	170,762
Rest of World	3,504	3,860
	<hr/> <b>183,923</b> <hr/>	<hr/> <b>174,622</b> <hr/>

## Notes (continued)

### 3 Other operating income

	2018 £000	2017 £000
Commission from airline booking system	62	64
	<u>62</u>	<u>64</u>

### 4 Operating profit

Operating profit is stated after charging/(crediting):

	2018 £000	2017 £000
Auditor remuneration:		
- audit of these financial statements	56	60
Depreciation - owned assets	892	675
Amortisation of intangible assets	367	311
Operating lease charges:		
- land and buildings	17,279	17,526
- other operating leases	149	261
Management fee receivable from subsidiary undertakings	(18,851)	(19,513)
Management fee payable to subsidiary undertakings	328	289
Management fee payable to parent undertaking	972	955
Foreign exchange gains	(795)	(128)

Management fee payable to parent undertaking relates to head office recharges. Management fee receivable from subsidiary undertakings is predominantly the transport mark-up determined as part of the Tour Operators Margin Scheme (TOMS) annual adjustment. Disclosure of fees payable to the auditors and their 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	
	2018	2017
Sales	119	126
Operations	35	42
IT	12	10
Finance and administration	24	21
	<u>190</u>	<u>199</u>

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	7,259	7,331
Social security costs	840	868
Contributions to defined contribution plans	270	217
Expenses related to defined benefit plans	44	155
	<u>8,413</u>	<u>8,571</u>

### 6 Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	337	327
Directors' pension contributions to money purchase pension plans	27	26
	<u>364</u>	<u>353</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £nil (2017: £130k), and company pension contributions of £nil (2017: £11k) were made to a money purchase scheme on his behalf.

	Number of directors	
	2018	2017
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>2</u>	<u>3</u>

## Notes (continued)

### 7 Interest receivable and similar income

	2018 £000	2017 £000
Bank interest receivable	17	29
Interest receivable from group undertakings	60	73
Net foreign exchange gain	172	-
	<hr/>	<hr/>
Total interest receivable and similar income	249	102
	<hr/> <hr/>	<hr/> <hr/>

### 8 Interest payable and similar expenses

	2018 £000	2017 £000
Bank interest payable	2	2
Interest payable to group undertakings	1	6
Net foreign exchange loss	-	259
	<hr/>	<hr/>
Total interest payable and similar expenses	3	267
	<hr/> <hr/>	<hr/> <hr/>

### 9 Tax on profit

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

	2018 £000	£000	2017 £000	£000
<i>Current tax</i>				
Current tax on income for the year	314		693	
Adjustments in respect of prior years	67		42	
Double taxation relief	(103)		(176)	
Overseas corporation tax on profits for the year	172		279	
		<hr/>		<hr/>
Total current tax		450		838
<i>Deferred tax</i>				
Origination and reversal of timing differences	13		(22)	
Pension payments in excess of pension costs	-		54	
Adjustments in respect of prior periods	-		(9)	
	<hr/>		<hr/>	
Total deferred tax		13		23
		<hr/>		<hr/>
Total tax		463		861
		<hr/> <hr/>		<hr/> <hr/>

## Notes (continued)

### 9 Tax on profit (continued)

	Current tax	2018 Deferred Tax	Total tax	Current tax	2017 Deferred tax	Total tax
	£000	£000	£000	£000	£000	£000
Recognised in Profit and loss account	450	13	463	838	23	861
Recognised in other comprehensive income	-	324	324	-	(1,902)	(1,902)
Total tax	450	337	787	838	(1,879)	(1,041)

#### Analysis of total tax recognised in profit and loss

	2018 £000	2017 £000
Profit before taxation	5,569	11,960
UK corporation tax at rate of 19% (2017: 19.4%)	1,058	2,320
Expenses not deductible for tax purposes	6	36
Adjustments in respect of prior years	67	33
Group relief claimed for nil payment	(198)	(221)
Double taxation relief	(103)	(176)
Intercompany loan impairment non taxable	(532)	(1,359)
Timing differences	(7)	(51)
Foreign tax	172	279
Total tax recognised in profit and loss	463	861

A reduction in the UK corporation tax rate from 20% 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 2018 has been calculated based on these rates.



## Notes (continued)

### 10 Tangible assets

	<b>Leasehold Improvements £000</b>	<b>Fixtures &amp; Fittings £000</b>	<b>Motor Vehicles £000</b>	<b>Total £000</b>
<b>Cost</b>				
Balance at 1 November 2017	44	4,630	58	4,732
Additions	-	421	-	421
Disposals	-	(438)	-	(438)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 October 2018	44	4,613	58	4,715
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated Depreciation</b>				
Balance at 1 November 2017	22	2,555	33	2,610
Depreciation charge for the year	4	879	9	892
Disposals	-	(431)	-	(431)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 October 2018	26	3,003	42	3,071
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 1 November 2017	22	2,075	25	2,122
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2018	18	1,610	16	1,644
	<hr/>	<hr/>	<hr/>	<hr/>

### 11 Intangible assets

	<b>Computer software £000</b>	<b>Total £000</b>
<b>Cost</b>		
Balance at 1 November 2017	1,827	1,827
Additions	378	378
Disposals	-	-
	<hr/>	<hr/>
Balance at 31 October 2018	2,205	2,205
	<hr/>	<hr/>
<b>Accumulated Amortisation</b>		
Balance at 1 November 2017	780	780
Amortisation charge for the year	367	367
Disposals	-	-
	<hr/>	<hr/>
Balance at 31 October 2018	1,147	1,147
	<hr/>	<hr/>
<b>Net book value</b>		
At 1 November 2017	1,047	1,047
	<hr/>	<hr/>
At 31 October 2018	1,058	1,058
	<hr/>	<hr/>

## Notes (continued)

### 12 Fixed asset investments

	Shares in Group undertakings £000
<b>Cost</b>	
At beginning of year	7,072
Disposals	-
	<hr/>
At end of year	7,072
	<hr/>

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
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.

The registered office for each of these subsidiaries is as follows:

Name	Address
Hotelplan (Transport) Limited	Mountain House, Station Road, Godalming, Surrey, GU7 1EX, United Kingdom
Inter Chalet Ferienhaus A.G	Sagereistrasse 20, CH-8152, Glattbrugg, Switzerland
Inntravel Limited	Mountain House, Station Road, Godalming, Surrey, GU7 1EX, United Kingdom
Hotelplan Travel Srl	Corso Matteotti 44, 10121 Torino, Italy
Inghams Canada Ltd	229 Bear Street, 3 <sup>rd</sup> Floor, PO 2470, Banff, Alberta, T1L 1C2, Canada
Itinerary Limited	Mountain House, Station Road, Godalming, Surrey, GU7 1EX, United Kingdom

**Notes (continued)**

**13 Stocks**

	<b>2018</b>	2017
	<b>£000</b>	£000
Raw materials and consumables	227	234
	<hr/> 227	<hr/> 234

**14 Debtors**

	<b>2018</b>	2017
	<b>£000</b>	£000
Trade debtors	7,321	5,345
Amounts owed by ultimate parent undertaking	-	182
Amounts owed by fellow subsidiary undertakings	15,994	12,854
Other debtors	4,067	3,965
Prepayments and accrued income	7,161	7,779
Corporation tax	75	-
	<hr/> 34,618	<hr/> 30,125
	<hr/> <hr/>	<hr/> <hr/>
Due within one year	34,618	30,125
Due after more than one year	-	-
	<hr/> 34,618	<hr/> 30,125
	<hr/> <hr/>	<hr/> <hr/>

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

## Notes (continued)

### 15 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	2,136	1,288
Amounts owed to ultimate parent undertaking	389	-
Amounts owed to fellow subsidiary undertakings	1,589	1,494
Payments in respect of future holidays	38,043	37,622
Corporation tax	-	31
Taxation and social security	215	203
Accruals and deferred income	4,350	4,299
Other financial liabilities	875	1,616
	<u>47,597</u>	<u>46,553</u>

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

### 16 Creditors: amounts falling due after more than one year

	2018 £000	2017 £000
Other financial liabilities	-	966
	<u>-</u>	<u>966</u>

### 17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2018 £000	2017 £000	Liabilities 2018 £000	2017 £000	Net 2018 £000	2017 £000
Accelerated capital allowances	-	-	(29)	(119)	(29)	(119)
Derivative contracts	166	490	-	-	166	490
Other	26	130	-	-	26	130
	<u>192</u>	<u>620</u>	<u>(29)</u>	<u>(119)</u>	<u>163</u>	<u>501</u>

The deferred tax balance is determined by taxation rates which are subject to change and therefore there exists some degree of uncertainty over the exact timing of when these balances will unwind, in addition to the amount itself.

## Notes (continued)

### 18 Provisions

	Litigation £000	Other provisions £000	Total £000
Balance at 1 November 2017	758	2	760
Provisions made during the year	-	-	-
Provisions used during the year	(619)	-	(619)
FX Revaluation of b/f provisions	12	-	12
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 October 2018</b>	<b>151</b>	<b>2</b>	<b>153</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During the year, £619k of provisions were consumed in relation to Austria overseas taxes. The remaining provision is expected to be fully utilised in the 2018/19 Financial Year, the exact value will be confirmed at that point in time but is not expected to materially deviate from the values above. Other provisions relate to Austrian staff termination costs that are provided for based on years of service in line with local employment legislation.

### 19 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. With effect 1<sup>st</sup> November 2017, the scheme was closed to future accrual and the small number of remaining actives transferred to a defined contribution scheme. The most recent formal actuarial valuation was undertaken as at 1 November 2016, and updated to 1 November 2017, 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*

	2018 £000	2017 £000
Defined benefit obligation		
Plan asset	-	-
Deferred tax on plan asset	-	-
	<hr/>	<hr/>
<b>Net pension asset</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

The pension asset is net of a restriction in the asset ceiling of £1,584k (2017: £1,483k), thereby resulting in a net defined benefit asset of £1,584k (2017: £1,483k) prior to the effect of the asset ceiling. The asset ceiling is a combination of interest of £39k (2017: £28k) and other effects totalling £62k (2017: £412k) applied to the opening balance sheet amount.

## **Notes** *(continued)*

### **19 Employee benefits** *(continued)*

#### *Movements in present value of defined benefit obligation*

	2018 £000
At 1 November 2017	32,328
Current service cost	36
Past service cost	469
Interest expense	818
Remeasurement: actuarial (gains)/losses	(1,394)
Benefits paid	(1,636)
	<hr/>
At 31 October 2018	30,621
	<hr/> <hr/>

#### *Movements in fair value of plan assets*

	2018 £000
At 1 November 2017	33,811
Interest income	829
Remeasurement: return on plan assets less interest income	(1,330)
Contributions by employer	531
Benefits paid	(1,636)
	<hr/>
At 31 October 2018	32,205
	<hr/> <hr/>

## Notes (continued)

### 19 Employee benefits (continued)

#### Expense recognised in the profit and loss account

	2018 £000	2017 £000
Current service cost	36	137
Past service cost	469	-
Gain on curtailment	-	(340)
Net interest on net defined benefit liability / (asset)	28	(9)
	<hr/>	<hr/>
Total expense/(income) recognised in profit or loss	533	(212)
	<hr/>	<hr/>

#### Asset class split

	2018 Fair value %	2017 Fair value %
Equities	40%	26%
Government debt	17%	18%
Corporate bonds	18%	23%
Property	23%	20%
Cash (Trustee bank account) net of current liabilities	2%	3%
Other	-	10%
	<hr/>	<hr/>
	100%	100%
	<hr/>	<hr/>
	£'000	£'000
Actual return on plan assets	(501)	445
	<hr/>	<hr/>

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

	2018 %	2017 %
Discount rate	2.8	2.6
Future salary increases	n/a	n/a
Retail price inflation	3.4	3.4
Consumer price inflation	2.5	2.5
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	3.4	3.4
Pension earned on or after 06/04/05	2.5	2.5
	<hr/>	<hr/>

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: 21.8 years (male), 23.7 years (female).
- Future retiree upon reaching 65: 22.8 years (male), 24.9 years (female).

## Notes (continued)

### 19 Employee benefits (continued)

With effect 1<sup>st</sup> November 2017, the scheme was closed to future accrual so the directors' best estimate at the time of approval of these financial statements is for cash contributions of £nil (2017: £nil) as a result for the year ending 31 October 2019.

#### 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 £270k (2017: £217k). No amounts remain outstanding as at 31 October 2018 in respect of either scheme (2017: £nil).

### 20 Capital and reserves

#### Share capital

	2018 £000	2017 £000
<b>Authorised</b>		
1,000,000 ordinary shares of £1 each (2017: 1,000,000)	1,000	1,000
<b>Allotted, called up and fully paid</b>		
1,000,000 ordinary shares of £1 each (2017: 1,000,000)	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.

### 21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 £000	2017 £000
Operating lease commitments which expire:		
Within one year	12,742	16,011
Between one and five years	12,870	17,441
In more than five years	3,347	5,057
	<hr/> 28,959 <hr/>	<hr/> 38,509 <hr/>

During the year £17,427k was recognised as an expense in the profit and loss account in respect of operating leases (2017: £17,787k).



## Notes (continued)

### 22 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 2017. 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.

### 23 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. There are certain less significant estimates in applying the Company's accounting policies, 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 outflows 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. They provide steering on significant assumptions around discount rate, inflation and life expectancy and mortality when determining the estimated position of the scheme. The management have considered the key assumptions suggested by the independent actuary and believe these are appropriate.

#### *Critical accounting judgements in applying the Company's accounting policies*

There are no critical accounting judgements.

### 24 Contingent Liabilities

The company is a party of the group-wide financial guarantee with the CAA in respect of the ATOL Scheme.