

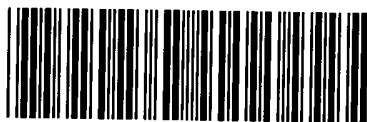
Company Registration Number 01191534

PGL TRAVEL LIMITED

Report and Financial Statements

31 March 2016

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PGL Travel Limited

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PGL Travel Limited

Officers and professional advisers

DIRECTORS

N Bali
P J Churchus
J G Firth
A Goenka
T W May
A G Sadler
R Sanders
P Walker
P Sladen (appointed 6 October 2015)

SECRETARY

D Cullen

REGISTERED NUMBER

01191534

REGISTERED OFFICE

Alton Court
Penyard Lane
Ross-on-Wye
Herefordshire
HR9 5GL

BANKERS

Royal Bank of Scotland plc
62/63 Threadneedle Street
London
EC2R 8LA

SOLICITORS

Eversheds LLP
Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

AUDITOR

Deloitte LLP
Cardiff

PGL Travel Limited

Strategic report

The directors present their strategic report on the affairs of the company, together with the financial statements and independent auditor's report for the year ended 31 March 2016 presented in accordance with United Kingdom Accounting Standards.

Review of the business

The principal activity of the company continues to be the provision of activity holidays and educational tours. The company continues to develop according to expectations and future prospects remain encouraging.

The group remains the UK market leader in the residential, outdoor education and adventure sector for primary and secondary schools. Its leadership position is founded on its strong safety management, customer service and ownership of large outdoor education centres. Competition comes from smaller commercial operators and considerably smaller local education authority centres.

In 2015/16, PGL operated 25 activity centres across the UK, France, Spain and Australia, owning and leasing 23 of the sites and hiring the remainder. One centre was sold during the year, being small in capacity, which did not fit comfortably in the portfolio of PGL centres. Due to delays in obtaining planning permission, we only invested £1.9m in our UK education centres in 2015/16, in addition to £1.7m in equipment, plant and machinery. We expect to spend £34m in developing our centres in the next two years. We continue to review opportunities for new PGL centres in the short to medium term.

This year we have continued the growth of our non-schools products. Our consumer products have increased by 10% during the year, and, despite difficult trading conditions, our sales to overseas inbound customers, principally for English Language courses, increased by over 10% during the year.

UK adventure centres revenue in 2015/16 was static compared to prior year due to a decrease in revenue from the National Citizenship Scheme. Our overseas adventure business in Southern France and Spain was also static compared to last year. Our schools skiing business showed a decrease of 14% over the year, due to the effect of the timing of Easter. Our Northern French centre business showed a decrease of 7% due to loss of business following the terrorist attacks in Paris in November 2015.

Key performance indicators

Demand for PGL's product remains strong with a very early booking profile and customer retention is extremely high, currently above 79% for schools coming to UK Adventure centres. On 1 July 2016, 104% of the total income for 2015/16 for UK Adventure had been booked for the 2016/17 financial year, and 69% for the 2017/18 financial year, demonstrating the robustness and predictability of this product.

Principal risks and uncertainties

The principal risks facing the company's business are:

Liquidity risk

Whilst there are inevitable uncertainties arising as a result of the current economic climate, the directors believe that the strength of the bookings taken in advance, as shown above, and the regular monitoring of cash and capital expenditure mean that the company will continue trading for the foreseeable future.

Going concern

The directors have prepared the financial statements on a going concern basis. The company is a subsidiary of Holidaybreak Limited, which manages its facilities and working capital on a pooled basis across the Group.

Based on the relationship between this company and the parent company, the directors of this company have sought and received an expression of the parent company's intention to provide such support as may be necessary for the foreseeable future. In relying on this parent company support, the directors have considered Holidaybreak Limited's ability to continue to provide this support and have concluded that this is satisfactory.

PGL Travel Limited

Strategic report (continued)

Going concern (continued)

The following disclosures have been included in the Holidaybreak Limited financial statements for the year ended 31 March 2016:

“The directors believe that the Group is adequately placed to manage its business risks successfully despite the current uncertain economic outlook and challenging macro-economic conditions.

The Group meets its day-to-day working capital and other funding requirements through a credit agreement totalling £231m with a syndicate of banks. Of these committed facilities, £201m is to be repaid in half yearly instalments ending in September 2019, with the balancing £30m being due by September 2020. The Group’s forecasts and projections, prepared for a period of at least 12 months from the date of these financial statements, taking account of reasonably possible changes in trading performance given the visibility of forward bookings, show that the Group should be able to operate within the level of its current facility and remain compliant with its covenants.

The Group owns and operates subsidiaries in the Euro-zone. The deterioration of credit and economic conditions in the Euro-zone gives rise to additional uncertainty over the future results for the Group. The directors have considered these uncertainties as part of their forecasts and assessments around the going concern assumption.

The directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.”

After making enquiries, and taking into account the above, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group and therefore the company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Child supervision and support

PGL provides activity-based holidays for children of various ages, leading to additional risks relating to child supervision, safety and security. Accordingly, the Group has to consider requirements such as site access, employee training and vetting. Any breach of its standards and procedures relating to these considerations could cause material damage to the Group’s reputation and affect the trading and performance of the Group.

Health and safety remains a top priority for the Group and, in relation to ensuring compliance with industry-leading standards, we aim to ensure that we recruit, develop, retain and reward the best people in the industry.

Supplier payment policy

The Group’s policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group at 31 March 2016 were equivalent to 43 days (2015: 43 days) purchases, based on the average daily amount invoiced by suppliers during the period.

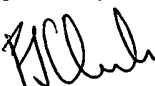
Future developments

The Group has excellent prospects and has been very resilient to wider economic issues. The main drivers continue to be:

1. The UK government has actively promoted the benefits of outdoor learning.
2. The increasing complexity of organising the trips, including the various health and safety aspects, is driving schools to outsource outdoor learning programmes to commercial providers like PGL.
3. The ongoing reduction in funding of local education authority centres. Additional funding cuts look likely which may lead to the closure of these types of centres.

The directors expect the general level of activity to increase in the forthcoming year due to the factors stated above.

Approved by the Board and signed on its behalf by:


Peter Churchus
Director

Date: 29 July 2016

PGL Travel Limited

Directors' report

The directors present their annual report on the affairs of PGL Group Limited ('the Company'), together with the financial statements, strategic report and auditor's report, for the year ended 31 March 2016.

Principal activity

The company's principal role continues to be the provision of activity holidays and educational tours.

Future developments and going concern

Details of future developments and going concern can be found in the strategic report on page 2.

Research and development

During 2016 the company undertook no identifiable significant research and development.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks; however, as part of the Holidaybreak Group, these risks are managed centrally as described in the strategic report on pages 2 and 3.

The company has no significant concentration of credit risk, with exposure spread over a large number of customers who generally pay in advance of services being provided.

Dividends

The directors do not recommend a final dividend (2015: £nil). There were no dividends declared or paid during the year (2015: £nil).

Directors

The directors, who served throughout the year except as noted, were as follows:

N Bali
P J Churchus
J G Firth
A Goenka
T W May
A G Sadler
R Sanders
P Walker
P Sladen (appointed 6 October 2015)

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Political contributions

No political donations were made in either year.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities 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 to that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

PGL Travel Limited

Directors' report (continued)

FRS 101

These financial statements are the first set delivered by the company under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework"; the prior period has been restated accordingly to meet the requirements of FRS 101.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

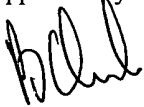
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has been deemed reappointed under section 487 of the 2006 Act.

Approval of reduced disclosures

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 101. The company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Approved by the Board and signed on its behalf by:



Peter Churchus
Director

Date: 29 July 2016

PGL Travel Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework". 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 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 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.

Independent auditor's report to the member of PGL Travel Limited

We have audited the financial statements of PGL Travel Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's member 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 member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

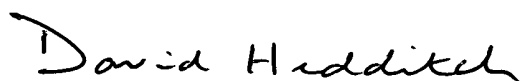
Opinion on other matter prescribed by the Companies Act 2006

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.

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, 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.



David Hedditch (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom

Date: 29 July 2016

PGL Travel Limited

Profit and loss account

For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Turnover	4	70,467	71,065
Cost of sales		(49,164)	(50,520)
Gross profit		21,303	20,545
Administrative expenses		(7,118)	(7,770)
Other operating income	4	3,850	3,070
Operating profit	5	18,035	15,845
Income from shares in group undertakings		-	9
Interest receivable	8	4	3
Other finance income	8	184	326
Other finance costs	9	(221)	(250)
Profit on ordinary activities before tax		18,002	15,933
Tax credit/(charge) on profit on ordinary activities	10	255	(180)
Profit for the financial year		18,257	15,753

The company's results are all derived from continuing operations.

PGL Travel Limited

Statement of comprehensive income

For the year ended 31 March 2016

	2016 £'000	2015 £'000
Profit for the year	18,257	15,753
Items that will not be reclassified subsequently to profit or loss:		
Actuarial loss recognised in the pension scheme	-	(739)
Deferred tax arising on actuarial loss in the pension scheme	-	148
Deferred tax timing differences	(7)	56
Other comprehensive loss for the period net of tax	(7)	(535)
Total comprehensive income for the period attributable to the owners of the Company	18,250	15,218

PGL Travel Limited

Balance sheet

As at 31 March 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Other Intangible assets	11	2,976	2,717
Tangible assets	12	133,966	133,359
Investments	13	20	20
		<hr/>	<hr/>
		136,962	136,096
Current assets			
Stocks	14	1,205	860
Debtors			
- due within one year	15	24,127	20,512
Cash at bank and in hand		799	3,855
		<hr/>	<hr/>
		26,131	25,227
Creditors: Amounts falling due within one year	16	(56,898)	(72,178)
		<hr/>	<hr/>
Net current liabilities		(30,767)	(46,951)
		<hr/>	<hr/>
Total assets less current liabilities		106,195	89,145
Creditors: Amounts falling due after more than one year	16	(206)	(292)
Deferred tax liability	18	(13,713)	(14,655)
Pension deficit		(1,106)	(1,278)
		<hr/>	<hr/>
Net assets		91,170	72,920
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	19	13,550	13,550
Revaluation reserves	19	35,386	34,707
Profit and loss account	19	42,234	24,663
		<hr/>	<hr/>
		91,170	72,920
		<hr/>	<hr/>

The financial statements of PGL Travel Limited (registered number 01191534) were approved by the Board of Directors and authorised for issue on 29 July 2016. They were signed on its behalf by:



Peter Churchus
Director

PGL Travel Limited

Statement of changes in equity

For the year ended 31 March 2016

	Share capital £'000	Revaluation reserves £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2013	13,550	43,833	9,171	66,554
Profit for the period under UK GAAP	-	-	42,935	42,935
Other comprehensive income for the year under UK GAAP	-	-	316	316
Transfer between reserves under UK GAAP	-	(233)	223	-
Dividends paid	-	-	(38,900)	(38,900)
FRS 101 transition adjustments (note 26)	-	(8,722)	(4,481)	(13,203)
Restated balance at 1 April 2014	<u>13,550</u>	<u>34,888</u>	<u>9,264</u>	<u>57,702</u>
Profit for the year	-	-	15,753	15,753
Transfer between reserves for excess depreciation	-	(228)	228	-
Deferred tax movement on transfer	-	47	(47)	-
Actuarial loss recognised in the pension scheme, net of deferred tax	-	-	(739)	(739)
Deferred tax arising on the actuarial loss in the pension scheme	-	-	148	148
Deferred tax timing difference	-	-	56	56
Total comprehensive income for the year	<u>-</u>	<u>(181)</u>	<u>15,399</u>	<u>15,218</u>
Balance at 31 March 2015	<u>13,550</u>	<u>34,707</u>	<u>24,663</u>	<u>72,920</u>
Profit for the year	-	-	18,257	18,257
Transfer between reserves for excess depreciation	-	(228)	228	-
Deferred tax movement on transfer	-	47	(47)	-
Deferred tax change in tax rates	-	860	(860)	-
Deferred tax timing difference	-	-	(7)	(7)
Total comprehensive income for the year	<u>-</u>	<u>679</u>	<u>17,571</u>	<u>18,250</u>
Balance at 31 March 2016	<u>13,550</u>	<u>35,386</u>	<u>42,234</u>	<u>91,170</u>

PGL Travel Limited

Notes to the financial statements

For the year ended 31 March 2016

1. General information

PGL Travel Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The company's principal role continues to be the provision of activity holidays and educational tours.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of PGL Group Limited. The group accounts of PGL Group Limited are available to the public and can be obtained as set out in note 24.

The company has applied FRS 101 'Reduced Disclosure Framework' incorporating the amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2. Significant accounting policies

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the company has undergone transition from reporting under United Kingdom Generally Accepted Accounting Practice ("UK GAAP") to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The impact of this transition has been set out within note 26.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of PGL Group Limited or Holidaybreak Limited. The group accounts of PGL Group Limited and Holidaybreak Limited are available to the public and can be obtained as set out in note 24.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. Prior to the date of transition to FRS 101, trading freehold land and buildings were previously held under the Revaluation model with the surplus or deficit on fair value being transferred to the revaluation reserve. At the date of transition to FRS 101 the company has used the fair value in its opening FRS 101 balance sheet as deemed cost. The freehold land and buildings have subsequently been recognised at cost less accumulated depreciation and impairment under the cost model. The net impact of this change in accounting policy on the carrying value of the assets was £nil (2015: £nil; 2014: £nil).

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

2. Significant accounting policies (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Impairment of investments in subsidiaries

Determining whether the company's investments in subsidiaries have been impaired requires estimations of the investments' value in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £20,000 with no impairment loss recognised in the year ended the 31 March 2015 or the year ended 31 March 2016.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

The revenue shown in the profit and loss account represents income receivable for holidays departing in the period. Income from the sale of holiday insurance is included at its gross amount as the group acts as principal for these sales; income is recognised when the holiday departs. Holiday deposits received in advance for holidays departing after the year-end are included within deferred income in creditors.

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

2. Significant accounting policies (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as a lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Operating profit

Operating profit is stated before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

The company participates in a group defined benefit scheme which is the legal responsibility of PGL Travel Limited as the sponsoring employer. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements comprising actuarial gains and losses, the effect of the return on scheme assets (excluding interest), are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Re-measurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying a discount rate to the defined benefit asset or liability. Defined benefit costs are split into three categories:

- current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurement

The company presents the first two components of defined benefit costs within cost of sales and administrative expenses.

Net interest expense or income is recognised within finance costs.

The retirement benefit obligation recognised in the balance sheet represents the deficit in the defined benefit scheme.

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

2. Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Tangible fixed assets

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depreciation on buildings is charged to profit or loss.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

2. Significant accounting policies (continued)

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold and long leasehold buildings	50 years straight-line
Leasehold buildings	20 years straight-line
Plant and machinery	10% to 50% straight-line
Motor vehicles	16% to 25% straight-line

No depreciation is provided on freehold land or assets in the course of construction.

The residual value of freehold buildings has been calculated at 80% of the cost of the buildings.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Prior to the date of transition to FRS 101, trading freehold land and buildings were previously held under the revaluation model with the surplus or deficit on fair value being transferred to the revaluation reserve. At the date of transition to FRS 101 the company has used the fair value in its opening FRS 101 balance sheet as deemed cost. The freehold land and buildings have subsequently been recognised at cost less accumulated depreciation and impairment under the cost model. The net impact of this change in accounting policy on the carrying value of the assets was £nil (2015: £nil; 2014: £nil).

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the assets' estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

- The amortisation period for software costs is either five years for purchased software or ten years for bespoke software.

Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

2. Significant accounting policies (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and receivables

Trade debtors, loans, and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

2. Significant accounting policies (continued)

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Going concern

The directors have prepared the financial statements on a going concern basis. The company is a subsidiary of Holidaybreak Limited, which manages its facilities and working capital on a pooled basis across the Group.

Based on the relationship between this company and the parent company, the directors of this company have sought and received an expression of the parent company's intention to provide such support as may be necessary for the foreseeable future. In relying on this parent company support, the directors have considered Holidaybreak Limited's ability to continue to provide this support and have concluded that this is satisfactory.

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

2. Significant accounting policies (continued)

Going concern (continued)

The following disclosures have been included in the Holidaybreak Limited financial statements for the year ended 31 March 2016:

“The directors believe that the Group is adequately placed to manage its business risks successfully despite the current uncertain economic outlook and challenging macro-economic conditions.

The Group meets its day-to-day working capital and other funding requirements through a credit agreement totalling £231m with a syndicate of banks. Of these committed facilities, £201m is to be repaid in half-yearly instalments ending in September 2019, with the balancing £30m being due by September 2020. The Group’s forecasts and projections, prepared for a period of at least 12 months from the date of these financial statements, taking account of reasonably possible changes in trading performance given the visibility of forward bookings, show that the Group should be able to operate within the level of its current facility and remain compliant with its covenants.

The Group owns and operates subsidiaries in the Euro-zone. The deterioration of credit and economic conditions in the Euro-zone gives rise to additional uncertainty over the future results for the Group. The directors have considered these uncertainties as part of their forecasts and assessments around the going concern assumption.

The directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.”

After making enquiries, and taking into account the above, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group and therefore the company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company’s accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company’s accounting policies

The following are the critical judgements that the directors have made in the process of applying the company’s accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year have been outlined below:

Defined benefit pension scheme

The Group operates a defined benefit scheme. Detailed disclosure of the scheme and the estimates used to calculate the fair value of the assets and liabilities held are detailed in note 20 below.

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

4. Turnover and revenue

An analysis of the company's turnover by class of business is set out below.

Turnover	2016 £'000	2015 £'000
Provision of activity holidays and educational tours	70,467	71,065

Revenue previously included income from management services provided to PGL Adventure Limited of £3,850k (2015: £3,070k). The directors have decided that it is more appropriate to disclose this income within other operating income and the financial statements have been updated to reflect this change.

An analysis of the Group's turnover by geographical market is set out below.

Turnover	£'000	£'000
UK	67,371	68,074
Rest of Europe	2,258	2,298
Other	838	693
	70,467	71,065

5. Operating profit

Operating profit for the year has been arrived at after charging/(crediting):

	2016 £'000	2015 £'000
Net foreign exchange gains	(92)	(80)
Depreciation of tangible fixed assets	2,510	2,576
Amortisation of other intangible assets	784	653
<u>Operating lease costs</u>		
Land and buildings	238	238
Property, plant and equipment	228	241
Gain on disposal of tangible fixed assets	(253)	(2)
Cost of inventories recognised as an expense	1,158	1,154
Staff costs (see note 7)	22,483	19,028

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £65,500 (2015: £67,000).

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

7. Staff costs

The average monthly number of employees (including executive directors) was:

	2016 Number	2015 Number
Permanent	413	406
Seasonal	1,415	1,331
	<u>1,828</u>	<u>1,737</u>

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	20,622	17,415
Social security costs	1,168	998
Other pension costs (see note 20)	693	615
	<u>22,483</u>	<u>19,028</u>

8. Interest receivable and other finance income

	2016 £'000	2015 £'000
Interest from short-term deposits	4	3
Interest income on defined benefit scheme assets	184	326
	<u>188</u>	<u>329</u>

9. Interest payable and similar charges

	2016 £'000	2015 £'000
Interest expense on defined benefit scheme liabilities	221	250

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

10. Tax

	2016 £'000	2015 £'000
Corporation tax:		
UK corporation tax	996	3,210
Adjustments in respect of prior years	(383)	(3,149)
Total current tax	613	61
Deferred tax:		
Origination and reversal of temporary differences	601	615
Adjustments in respect of previous years	39	(477)
Effect of changes in tax rate	(1,508)	(19)
Total deferred tax	(868)	119
Tax per profit and loss account	(255)	180
Other comprehensive income items		
Deferred tax current year charge/(credit)	7	(204)
	(248)	(24)

Corporation tax is calculated at 20% (2015: 21%) of the estimated taxable profit for the year.

Factors affecting total tax charge for the current year

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	£'000	£'000
Profit before tax	18,002	15,933
Tax at the UK corporation tax rate of 20% (2015: 21%)	3,600	3,346
Tax effect of expenses that are not deductible in determining taxable profit	363	501
Tax effect of income not taxable in determining taxable profit	(2)	(22)
Tax effect of rate changes	(1,507)	(19)
Effects of group relief and other reliefs claimed	(2,560)	-
Adjustment in respect of prior years	(344)	(3,626)
Non-qualifying assets	84	-
Other gains	111	-
Tax expense for the year	(255)	180

The Finance Bill 2015 enacted on 15 July 2015 reduced the corporation tax rate from 20% to 19% with effect from April 2017 with a further reduction to 18% with effect from April 2020. The directors are not aware of any other factors that will materially affect the future tax charge.

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

10. Tax (continued)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised in other comprehensive income:

Total tax charge/(credit):	£'000	£'000
Other timing differences	7	(56)
Pension – defined benefit	-	(148)
	<u>7</u>	<u>(204)</u>
	£'000	£'000
Current (liabilities)/assets:		
Corporation tax	(542)	680
Group relief creditor	2,626	2,653
	<u>2,084</u>	<u>3,333</u>
	£'000	£'000
Deferred tax (assets) / liabilities		
Provision at start of period	14,363	14,447
Adjustment in respect of prior years and changes in tax rate	(868)	(19)
Deferred tax charge to profit and loss for the period	-	139
Deferred tax charge in OCI for the period	7	(204)
	<u>13,502</u>	<u>14,363</u>
Provision at end of period		
	£'000	£'000
Deferred tax (assets) / liabilities		
Fixed assets	12,800	13,737
Rolled over gains	299	332
Other temporary differences	-	(31)
Retirement benefits	(211)	(261)
Intangibles	614	586
	<u>13,502</u>	<u>14,363</u>
Provision at end of period		

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

11. Other Intangible assets

	Software costs £'000	Software Development WIP £'000	Total £'000
Cost			
At 1 April 2015	3,488	236	3,724
Additions	1,043	-	1,043
Transfer between classes	222	(222)	-
At 31 March 2016	4,753	14	4,767
Amortisation			
At 1 April 2015	1,007	-	1,007
Charge for the year	784	-	784
At 31 March 2016	1,791	-	1,791
Carrying amount			
At 31 March 2015	2,481	236	2,717
At 31 March 2016	2,962	14	2,976

The amortisation period for software costs is either five years for purchased software or ten years for bespoke software.

Development costs have been capitalised in accordance with IAS 38 Intangible Assets and are therefore not treated, for dividend purposes, as a realised loss.

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

12. Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation					
Comprising					
At cost	85,253	13,868	158	562	99,841
At valuation	43,382	-	-	-	43,382
At 1 April 2015	128,635	13,868	158	562	143,223
Additions	218	1,487	-	1,715	3,420
Transfers between classes	438	-	-	(438)	-
Disposals	(258)	(4,416)	(36)	-	(4,710)
At 31 March 2016	129,033	10,939	122	1,839	141,933
Comprising					
At cost	85,879	10,939	122	1,839	98,779
At valuation	43,154	-	-	-	43,154
At 31 March 2016	129,033	10,939	122	1,839	141,933
Accumulated depreciation and impairment					
At 1 April 2015	1,779	7,962	123	-	9,864
Charge for the year	618	1,878	14	-	2,510
Elimination on disposal	(4)	(4,367)	(36)	-	(4,407)
At 31 March 2016	2,393	5,473	101	-	7,967
Carrying amount					
At 31 March 2015	126,856	5,906	35	562	133,359
At 31 March 2016	126,640	5,466	21	1,839	133,966

All fixed assets are initially recorded at cost.

Prior to the date of transition to FRS 101, trading freehold land and buildings were previously held under the Revaluation model with the surplus or deficit on fair value being transferred to the revaluation reserve. At the date of transition to FRS 101 the Company has used the fair value in its opening FRS 101 balance sheet as deemed cost. The freehold land and buildings have subsequently been recognised at cost less accumulated depreciation and impairment under the Cost model. The net impact of this change in accounting policy on the carrying value of the assets was £nil (2015 :£nil, 2014:£nil).

Land and buildings were valued in March 2012 at open market value on the basis of existing use at £123,482,000 by Jones Lang LaSalle Limited, Chartered Surveyors. The surplus over net book value was transferred to the revaluation reserve.

Included within the carrying amount of land and buildings is a carrying amount of £110,708,000 (2015:£110,984,000) in relation to freehold land and buildings, £860,000 (2015:£891,000) in relation to short-term leasehold land and buildings and £15,073,000 (2015:£14,981,000) in relation to long-term leasehold land and buildings.

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

13. Fixed asset investments

	2016 £'000	2015 £'000
Investment in subsidiaries	20	20

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Note 23 includes details of all related undertakings and forms part of these financial statements.

14. Stocks

	2016 £'000	2015 £'000
Raw materials and consumables	241	268
Finished goods	964	592
	<u>1,205</u>	<u>860</u>

15. Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade debtors	13,680	14,234
Amounts owed by group undertakings	8,545	4,261
Deferred tax asset (note 18)	211	292
Corporation tax repayable	542	-
Prepayments and accrued income	1,149	1,725
	<u>24,127</u>	<u>20,512</u>

Amounts owed by group undertakings are repayable on demand and are interest bearing.

16. Creditors

Amounts falling due within one year	2016 £'000	2015 £'000
Trade creditors	2,460	3,694
Amounts owed to group undertakings (note 17)	10,596	22,932
Corporation tax payable	-	680
Taxation and social security	553	552
Other creditors	5,341	4,464
Accruals and deferred income	37,948	39,856
	<u>56,898</u>	<u>72,178</u>

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

	2016 £'000	2015 £'000
Amounts falling due after more than one year		
Deferred income	206	292

Amounts owed to group undertakings are repayable on demand and are non interest-bearing.

17. Borrowings

	2016 £'000	2015 £'000
Unsecured borrowing at amortised cost		
Amounts owed to group undertakings	10,596	22,932

The principal features of the Company's borrowings are as follows:

- (i) The Company has two principal group loans:
 - (a) an unsecured loan of £7,751,988 (2015: £20,093,297) from the company's parent which is repayable on demand and carries no interest.
 - (b) an unsecured loan of £2,626,080 (2015: £2,625,968) from a group undertaking which is repayable on demand and carries no interest.

The remaining amounts owed to group undertakings are repayable on demand and carry no interest.

18. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	Tangible Fixed assets and Rolled over gains £'000	Temporary differences trading £'000	Retirement benefits £'000	Intangibles £'000	Total £'000
Deferred tax (assets) / liabilities					
At 1 April 2014	14,144	(30)	(168)	500	14,446
Effect of change in tax rate	(20)	-	5	(4)	(19)
Charge to profit or loss	(7)	(1)	56	90	138
Charge to other comprehensive income	(48)	-	(154)	-	(202)
At 1 April 2015	14,069	(31)	(261)	586	14,363
Prior year adjustments	47	-	(8)	-	39
Charge to profit or loss	(1,017)	24	58	28	(907)
Charge to other comprehensive income	-	7	-	-	7
At 31 March 2016	13,099	-	(211)	614	13,502

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

18. Deferred tax (continued)

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2016 £'000	2015 £'000
Deferred tax liabilities	13,713	14,655
Deferred tax assets	(211)	(292)
	<u>13,502</u>	<u>14,363</u>

19. Share capital and reserves

	2016 £'000	2015 £'000
Authorised, issued and fully paid: 13,550,000 ordinary shares of £1 each	<u>13,550</u>	<u>13,550</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The revaluation reserve relates to the prior period gain on trading freehold land and buildings. Prior to the date of transition to FRS 101, trading freehold land and buildings were previously held under the Revaluation model with the surplus or deficit on fair value being transferred to the revaluation reserve. At the date of transition to FRS 101 the Company has used the fair value in its opening FRS 101 balance sheet as deemed cost.

The profit and loss account is the aggregate of the cumulative profit and loss, other comprehensive income less dividends paid.

20. Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualified employees of UK entities in the PGL Group. The assets of the scheme are held in separate trustee-administered funds. Contributions made during the year amounted to £831,000 (2015: £794,000); £70,000 is included in creditors, in respect of unpaid contributions (2015: £77,000).

Defined benefit schemes

The Group sponsors the PGL Voyages Limited Pension and Life Assurance Scheme, which is a funded defined benefit scheme. No other post-retirement benefits are provided.

The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 4 October 2013 and updated on an approximate basis to 31 March 2016 by Mr Rashid of Quatro Pensions, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost was measured using the projected unit credit method.

The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. The accumulated benefit obligation (ABO) is an actuarial measure of the present value for service already rendered but differs from the projected unit credit method in that it includes no assumptions for future salary increases.

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

20. Retirement benefit schemes (continued)

The scheme typically exposes the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the plan liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
Interest risk	A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions at the balance sheet date were:

	Valuation at		
	31 March 2016	31 March 2015	31 March 2014
	%	%	%
Discount rate	3.4	3.1	4.2
Expected return on scheme assets	3.4	3.1	6.2
Expected rate of salary increases	3.2	3.5	4.1
Future pension increases	2.5	2.5	2.5
Inflation	2.2	2.5	3.1

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The mortality assumptions adopted at 31 March 2016 imply the following life expectancies:

Male now aged 45, life expectancy from age 65	23.5 years
Male now aged 65	22.1 years
Female now aged 45, life expectancy from age 65	25.7 years
Female now aged 65	24.2 years

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

20. Retirement benefit schemes (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Defined Benefit Obligation £'000
Discount rate	Decrease by 0.25%	7,227
Inflation	Increase by 0.25%	6,941
Rate of salary growth	Increase by 0.25%	6,959
Rate of mortality	Increase by 1 year	7,109

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Amounts recognised in the profit and loss in respect of these defined benefit schemes are as follows:

	2016 £'000	2015 £'000
Interest cost	221	250
Expected return on scheme assets	(184)	(326)
Current service cost	55	46
Total recognised in the income statement	92	(30)

Amounts recognised in the statement of comprehensive income are as follows:

	2016 £'000	2015 £'000
Actuarial (gains)/ arising from changes in demographic assumptions	(7)	(13)
Actuarial (gains)/ losses arising from changes in financial assumptions	(328)	1,048
Actuarial loss/(gains) on assets	335	(296)
Total recognised in the statement of comprehensive income	-	739

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

20. Retirement benefit schemes (continued)

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2016 £'000	2015 £'000	2014 £'000
Present value of defined benefit obligations	(6,941)	(7,176)	(6,008)
Fair value of scheme assets	5,835	5,898	5,208
Funded status	(1,106)	(1,278)	(800)
Net liability recognised in the balance sheet	(1,106)	(1,278)	(800)

Movements in the present value of defined benefit obligations were as follows:

	2016 £'000	2015 £'000
At 1 April	7,176	6,008
Service cost	55	46
Employee contributions	9	9
Interest cost	221	250
Actuarial (gains)/gains	(335)	1,035
Benefits paid	(185)	(172)
At 31 March	6,941	7,176

Movements in the fair value of scheme assets were as follows:

	2016 £'000	2015 £'000
At 1 April	5,898	5,208
Employee contributions	9	9
Expected return on scheme assets	184	222
Actuarial (loss)/gain	(335)	400
Contributions from the sponsoring companies	264	231
Benefits paid	(185)	(172)
At 31 March	5,835	5,898

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

20. Retirement benefit schemes (continued)

The fair value of the major categories of scheme assets at the balance sheet date are as follows:

	Fair value of assets		
	2016 £'000	2015 £'000	2014 £'000
Equities	3,529	4,220	4,166
Bonds	1,872	1,092	625
Property	228	218	-
Other	206	368	417
Overall for scheme	5,835	5,898	5,208

The assets are reviewed on a quarterly basis. The Group has sought to ensure the long-term security of the defined benefit commitment and reduce earnings and balance sheet volatility.

The major portion of the equity securities held by the scheme is in international blue chip entities. The aim is to hold a globally diversified portfolio of equities, with a majority of equities held in UK and Europe.

The estimated amounts of contributions expected to be paid to the scheme during the 2017 financial year is £248,000.

The most recent triennial valuation of the Group's pension scheme for funding purposes has been performed in 2013. Under the funding schedule agreed with the scheme trustees, the Group aims to eliminate the current deficit over five years. The Group will monitor funding levels annually and the funding schedule will be reviewed between the Group and the trustees every three years, based on actuarial valuations. The next triennial valuation will be prepared up to 5 October 2016. The valuation has not yet been finalised. The Group considers that the contribution rates agreed with the trustees are sufficient to eliminate the current deficit over the agreed period.

The levels of contributions are based on the current service cost and the expected future cash flows of the defined benefit scheme.

21. Operating lease arrangements

The Company as lessee

	2016 £'000	2015 £'000
Lease payments under operating leases recognised as an expense in the year	466	479

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £'000	2015 £'000
Within one year	432	421
In the second to fifth years inclusive	1,338	1,313
After five years	2,050	2,323
	3,820	4,057

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

22. Related party transactions

The directors N Bali, A Goenka and T W May are employed by Holidaybreak Limited and their remuneration is disclosed in the accounts of Holidaybreak Limited.

P J Churchus, J G Firth, A G Sadler, R Sanders, P Sladen and P Walker are employed by PGL Group Limited and their remuneration is disclosed in the financial statements of PGL Group Limited. It is not practicable to allocate their remuneration between their services as directors of these companies and their services as directors of PGL Travel Limited.

23. Related undertakings

At 31 March 2016, the company held more than 10% of a class of the allotted equity share capital of the following undertakings:

Subsidiaries	Country of registration	Class of share capital held	Company	Nature of business
PGL Adventure Ltd	United Kingdom	Ordinary	100%	Provision of transport services
PGL Travel PTY Limited	Australia	Ordinary	100%	Intermediate holding company

The subsidiary PGL Adventure Limited had a profit for the year of £5,000 (2015: £4,000) and share capital and reserves of £191,000 (2015: £186,000).

The subsidiary PGL Adventure PTY Limited had a profit for the year of £3,000 (2015: £3,000) and share capital and negative reserves of £319,000 (2015: £416,000).

24. Controlling party

The immediate parent undertaking is PGL Voyages Limited.

The smallest group for which group financial statements have been drawn up is that headed by PGL Group Limited. The financial statements can be obtained from the following address: PGL Group Limited, Alton Court, Penyard Lane, Ross-on-Wye, Herefordshire, HR9 5GL.

The parent undertaking of the smallest group including PGL Group Limited is Holidaybreak Limited, a Company incorporated in Great Britain. The financial statements can be obtained from the following address: Holidaybreak Limited, 3rd Floor, 30 Millbank, London SW1P 4DU.

The ultimate parent undertaking and controlling party is Cox & Kings Limited, a company registered in India, which is the largest group to consolidate these financial statements. Copies of Cox & Kings Limited's consolidated financial statements can be obtained from the Company Secretary at 1st Floor, Turner Morrison Building, 16 Bank Street, Fort, Mumbai-400 001.

25. Capital commitments

At 31 March 2016 the Company had contractual commitments for development of land and buildings of £815,000 (2015: £535,000).

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

26. Transitioning from old UK GAAP to FRS 101

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 101 in the current year.

Reconciliation of equity

	At 1 April 2014 £'000	At 31 March 2015 £'000
Equity reported under previous UK GAAP	70,905	86,081
Adjustments to equity on transition to FRS 101		
1 Provision for Holiday Pay	(150)	(155)
2 Deferred tax – Holiday Pay accrual	30	31
2 Deferred tax – Fixed assets	(13,083)	(13,037)
Equity reported under FRS 101	57,702	72,920

Reconciliation of total comprehensive income for the year ended 31 March 2015

	£'000
Total comprehensive income for the financial year under previous UK GAAP	15,176
1 Holiday pay provision	(5)
2 Deferred tax – profit and loss	(9)
2 Deferred tax – other comprehensive income	56
Total comprehensive income for the financial year under FRS 101	15,218

PGL Travel Limited

Notes to the financial statements (continued)

For the year ended 31 March 2016

26. Transitioning from old UK GAAP to FRS 101 (continued)

Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (pre-20115 UK GAAP) were for the year ended 31 March 2015 and the date of transition to FRS 101 was therefore 1 April 2014. The nature of the transition adjustments has been explained below:

Adjustment 1

There is a requirement under FRS 101 for a holiday pay accrual. The movements in the holiday pay accrual are recognised through the income statement.

Adjustment 2

In respect of deferred tax, UK GAAP and FRS 101 treatments differ significantly. FRS 19's approach is based on timing differences where gains and losses are recognised in the financial statements and the tax computations at different periods. The effect is that deferred tax is recognised where the entity has an obligation to pay more, or a right to pay less tax at a future date. FRS does not permit deferred tax to be recognised where the entity is not obligated to pay more tax at a future date. IAS 12 focuses on the temporary differences between the carrying value of an asset or liability and its tax base. Deferred tax liabilities and assets have been calculated using the tax rates at which the liabilities and assets are expected to be settled.

There was no requirement under old UK GAAP to recognise a deferred tax liability on the revaluation gain in relation to tangible fixed assets. The deferred tax liability in relation to the revaluation gain amounts to £7,768k (2015: £8,676k). The corresponding adjustment to recognise the deferred tax liability has been offset against the revaluation reserve.

Industrial Building Allowances were special allowances given on the construction of buildings meeting specific conditions and in use in a qualifying trade. No deferred tax liability arose under old UK GAAP however, there is a requirement under FRS 101 to recognise a deferred tax liability. The deferred tax liability in relation to the Industrial Building Allowances amounts to £3,626k (2015: £4,029k). The corresponding adjustment has been offset against the profit and loss account.

The remaining deferred tax transition adjustment relates to temporary differences between the tax base and asset carrying value for property, plant and equipment and intangible assets of £1,689k (2015: £332k). The corresponding adjustment has been offset against the profit and loss account.

Tangible fixed assets - fair value as deemed cost

Prior to the date of transition to FRS 101, trading freehold land and buildings were previously held under the Revaluation model with the surplus or deficit on fair value being transferred to the revaluation reserve. At the date of transition to FRS 101 the Company has used the fair value in its opening FRS 101 balance sheet as deemed cost. The freehold land and buildings have subsequently been recognised at cost less accumulated depreciation and impairment under the Cost model. The net impact of this change in accounting policy on the carrying value of the assets was £nil (2015: £nil, 2014: £nil).