Company Registration Number 01191534

PGL TRAVEL LIMITED

Report and Financial Statements

31 March 2014

PGL TRAVEL LIMITED

REPORT AND FINANCIAL STATEMENTS 2014

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PGL TRAVEL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

N Bali
P J Churchus
J G Firth
T W May
A G Sadler
R Sanders
P Walker

SECRETARY

A Williamson

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

STRATEGIC REPORT

The directors present their Report on the affairs of the company, together with the Financial Statements and Independent Auditor's Report for the year ended 31 March 2014 presented in accordance with applicable United Kingdom accounting standards.

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

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 PGL group, of which PGL Travel Limited is a member, 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.

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.

Demand for PGL's product remains strong with a very early booking profile and customer retention is extremely high, currently being 70% on UK Adventure centres.

In 2013, PGL operated 23 activity centres across the UK, France and Spain, of which PGL Travel Limited operated the UK centres, owning and leasing 21 of the sites and hiring the remainder. One centre was sold during the year, whilst another is for sale. Both centres were small in capacity, and did not fit comfortably in the portfolio of PGL centres. Further capacity has been added to our newest centre, Liddington, during 2013/14 to take its capacity to over 1,000. We invested £7.6m in our education centres in 2013/14, in addition to £2.3m in equipment, plant and machinery. We expect to spend £7.5m on developing our Outdoor Education centres in 2014/15. 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 to improve occupancy levels at off-peak times. We have benefited from contracts to supply courses under the National Citizenship Scheme. Our sales to overseas inbound customers, principally for English Language courses, increased during the year. In October 2013, we achieved British Council accreditation for these courses, which will widen the appeal of the courses to other markets.

UK adventure centres revenue increased by 1% in the period April 2013 to March 2014 compared to the equivalent period in the prior year. 99% of the target income for UK schools adventure for the 2014/15 financial year, and 61% of the target for the 2015/16 financial year was booked by 30 June, demonstrating the robustness and predictability of this product. Our overseas adventure business, within the wider group, showed a decrease of 12% during the year, partially due to the closure of one of the centres. Our schools skiing business showed a decrease of 30% over the same period, due to the effect of the timing of Easter. Our Northern French centre business within our French subsidiaries showed an increase of 4%.

In January 2014, we acquired our first outdoor activity centre in Victoria, in order to establish the PGL brand in Australia.

In March 2014, we sold our shareholding in Meininger Holding GmbH, to enable us to concentrate on the provision of educational courses .in the UK and overseas.

STRATEGIC REPORT (continued)

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.

The following disclosures have been included in Holidaybreak Limited financial statements for the year ended 31 March 2014:

"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 requirements through a £230 million credit agreement with a syndicate of banks. This committed credit facility is due to expire on 30 September 2015. The Group has entered into renewal negotiations with the syndicate of banks and at this stage there are no matters that have arisen that may suggest renewal may not be forthcoming on acceptable terms. The Group's forecasts and projections, prepared for a period of at least twelve 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
The Group owns and operates subsidiaries in the Eurozone. The deterioration of credit and economic conditions in the Eurozone 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."

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 PGL Group and therefore PGL Travel Limited 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 safety

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 addition to ensuring compliance with industry-leading standards, we aim to ensure that we recruit, develop, retain and reward the best people in the industry.

Approved by the Board of Directors
and signed on behalf of the Board on 23 July 2014

P J Churchus
Director

PGL TRAVEL LIMITED

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The company paid a dividend of £38,900,000 (287p per share) during the year (2013: £14,000,000, 103p per share).

DIRECTORS

The directors who served the company during the year and subsequently were as follows:

N Bali
P J Churchus
J G Firth
T W May
A G Sadler
R Sanders
P Walker

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 group and 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 Group 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 Group. This is achieved through formal and informal meetings, the company magazine and special presentations for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

AUDITOR

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

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) 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 have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as the auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board on 23 July 2014

P J Churchus
Director

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 MEMBERS OF PGL TRAVEL LIMITED

We have audited the financial statements of PGL Travel Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses, the Balance Sheet and the related notes 1 to 22. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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

David Hedditch (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom
23 July 2014

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2014

	Note	2014 £'000	2013 £'000
TURNOVER	2	64,560	66,154
Cost of sales		(44,433)	(45,590)
GROSS PROFIT		20,127	20,564
Administrative expenses		(5,293)	(6,998)
Other operating income		-	9
OPERATING PROFIT		14,834	13,575
Profit on sale of fixed asset investment	9	28,685	-
Interest receivable and similar income	4	4	7
Other finance costs	5	(9)	(25)
Income from shares in group undertakings		1,601	3,925
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	45,115	17,482
Tax charge on profit on ordinary activities	7	(2,180)	(4,038)
PROFIT FOR THE FINANCIAL YEAR	16	42,935	13,444

All of the activities of the company are classed as continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 March 2014

	2014 £'000	2013 £'000
Profit for the financial year	42,935	13,444
Actuarial gain/(loss) recognised in the pension scheme	400	(225)
Deferred tax arising on (gain)/loss in the pension scheme	(84)	52
Total recognised gains and losses relating to the year	43,251	13,271

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 March 2014

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	45,115	17,482
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	223	220
Historical cost profit on ordinary activities before taxation	45,338	17,702
Historical cost profit/(loss) for the year after taxation and dividends	4,258	(336)

PGL TRAVEL LIMITED

BALANCE SHEET
At 31 March 2014

	Note	2014 £'000	£'000	2013 £'000	£'000
FIXED ASSETS					
Tangible assets	8	134,218		130,402	
Investments	9	20		53,179	
			134,238		183,581
CURRENT ASSETS					
Stocks	10	776		654	
Debtors	11	16,854		12,954	
Cash at bank and in hand		1,571		807	
		19,201		14,415	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(80,098)		(128,080)	
NET CURRENT LIABILITIES			(60,897)		(113,665)
TOTAL ASSETS LESS CURRENT LIABILITIES			73,341		69,916
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13		(243)		(219)
PROVISIONS FOR LIABILITIES	14		(1,561)		(2,083)
NET ASSETS EXCLUDING PENSION DEFICIT			71,537		67,614
PENSION DEFICIT	21		(632)		(1,060)
NET ASSETS			70,905		66,554
CAPITAL AND RESERVES					
Called up share capital	15		13,550		13,550
Revaluation reserve	16		43,610		43,833
Profit and loss account	16		13,745		9,171
SHAREHOLDERS' FUNDS	18		70,905		66,554

The financial statements of PGL Travel Limited, registered number 01191534, on pages 7 to 23, were approved by the Board of Directors and authorised for issue on 23 July 2014.

Signed on behalf of the Board of Directors

P J Churchus
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2014

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements in the current and prior year.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold and long leasehold properties.

Whilst there are inevitable uncertainties arising as a result of the current economic climate, the directors believe that the strength of PGL Travel Limited's bookings taken in advance mean that it is appropriate to prepare the financial statements on a going concern basis. The company receives considerable funding from Holidaybreak Limited, which the directors believe will continue to be available for the foreseeable future. At the year-end the PGL Group, of which PGL Travel Limited is a member, was indebted to Holidaybreak Limited to the sum of £118.0m (2013: £141.3m).

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.

Advantage has been taken of the exemption under Financial Reporting Standard 8 from disclosing any inter-company transactions with other wholly-owned subsidiaries as the company is a 100% subsidiary of the parent company.

The company is exempt from preparing consolidated financial statements on the grounds that it is a subsidiary of Holidaybreak Limited and its results are included in that company's consolidated financial statements. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

The turnover shown in the profit and loss account represents income receivable for holidays departing in the period exclusive of value added tax. 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.

Tangible fixed assets

All fixed assets are initially recorded at cost. Trading freehold land and buildings are periodically revalued with the surplus or deficit on fair value being transferred to the revaluation reserve, except that a deficit in excess of any previously recognised surplus to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account, unless the intrinsic value of the property to the group is considered to be in excess of its cost, in which case the deficit is charged to the revaluation reserve. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any previous surplus.

1. ACCOUNTING POLICIES (continued)

Depreciation

Depreciation is provided to write off the cost or valuation of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

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 revalued amount of the buildings.

Revaluation of properties

Individual freehold and leasehold properties are periodically revalued with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Investments

Investments held as fixed assets are stated at cost less provision for impairment. Those held as current assets are stated at the lower of cost and net realisable value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with FRS 19, deferred taxation is provided in full on timing differences which represent an asset or liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (similar fair value adjustments) of fixed assets and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold; and

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing difference can be deducted.

Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension costs

Defined benefit scheme

The company operates a defined benefit pension scheme. For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Defined contribution scheme

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they fall due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly-owned and its parent publishes a consolidated cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2014

2. TURNOVER

The turnover and profit before tax are attributable to the principal activity of the company. An analysis of turnover is given below:

	2014 £'000	2013 £'000
United Kingdom	62,481	64,235
Overseas sales	2,079	1,919
	64,560	66,154

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Employee costs during the year	2014 £'000	2013 £'000
Wages and salaries	17,415	17,443
Social security costs	998	972
Defined contribution pension costs	577	364
Other pension costs	38	45
	19,028	18,824

Average number of persons employed	No.	No.
Permanent	403	395
Seasonal	1,226	1,305
	1,629	1,700

N Bali, and T W May are employed by Holidaybreak Limited and as a director, N Bali's remuneration is disclosed in the accounts of Holidaybreak Limited.

The remuneration of P J Churchus, J G Firth, A G Sadler, R Sanders and P Walker is disclosed in the financial statements of PGL Group Limited.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £'000	2013 £'000
Interest from short-term deposits	4	7

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2014

5. OTHER FINANCE COSTS

	2014 £'000	2013 £'000
Expected return on pension scheme assets	243	231
Interest on pension scheme liabilities	(252)	(256)
	(9)	(25)

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging/(crediting):	2014 £'000	2013 £'000
Depreciation of owned fixed assets	3,010	3,018
Profit/(loss) generated on disposal of fixed assets	1,028	(1)
Rentals under operating leases:		
- plant and machinery	234	264
- other operating leases	237	264
Auditor's remuneration - audit fees	25	25

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2014 £'000	2013 £'000
Current tax:		
Corporation tax – UK	3,083	3,220
Adjustment in respect of prior periods	(447)	169
Total current tax	2,636	3,389
Deferred tax		
Origination and reversal of timing differences	501	536
Effect of change in UK corporation tax rate	(197)	(90)
Adjustment in respect of prior periods	(825)	154
Total deferred tax (see note 14)	(521)	600
Deferred tax charge on defined benefit pension scheme	65	49
Total tax on profit on ordinary activities	2,180	4,038

7. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	45,115	17,482
Tax on profit on ordinary activities at standard UK blended rate of 23% (2013: 24%)	10,376	4,196
Factors affecting the charge:		
Differences between capital allowances and depreciation	(531)	(536)
Expenses not deductible for tax purposes	243	479
Non taxable income	(6,968)	-
Permanent differences	-	23
Overseas dividends received with full tax credit	-	(942)
Losses utilised through group relief	-	-
Movement in short-term timing differences	(37)	-
Adjustments in respect of prior periods	(447)	169
UK corporation tax charge for the year	2,636	3,389

The Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the rate of corporation tax to 21% with effect from 1 April 2014 and 20% from 1 April 2015. Deferred tax balances have been revalued to the lower rate of 20% in these accounts. To the extent that the deferred tax reverses before 1 April 2015 then the impact on the net deferred tax asset/liability will be reduced.
Future rate reductions would further reduce the UK deferred tax assets and liabilities recognised but the actual impact will be dependent on the deferred tax position at the time.

8. 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					
At 1 April 2013	122,029	13,878	178	1,166	137,251
Additions	433	2,071	6	4,536	7,046
Transfers	642	272	-	(914)	-
Disposals	(195)	(2,214)	(26)	-	(2,435)
At 31 March 2014	122,909	14,007	158	4,788	141,862
Accumulated depreciation					
At 1 April 2013	580	6,158	111	-	6,849
Charge for the year	588	2,401	21	-	3,010
Disposals	(1)	(2,188)	(26)	-	(2,215)
At 31 March 2014	1,167	6,371	106	-	7,644
Net book value					
At 31 March 2014	121,742	7,636	52	4,788	134,218
At 31 March 2013	121,449	7,720	67	1,166	130,402

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 of £12,355,529 has been transferred to the revaluation reserve. Land with a value of £21.9m (2013: £21.9m) has not been depreciated.

All other tangible fixed assets are stated at historical cost.

If land and buildings had not been revalued they would have been included at the following amounts:

	Freehold property £'000	Leasehold property £'000	Total £'000
Cost			
Historic cost at 1 April 2013	71,599	7,771	79,370
Additions	885	190	1,075
Disposals	(195)	-	(195)
Historic cost at 31 March 2014	72,289	7,961	80,250
Depreciation			
Historical cost depreciation at 1 April 2013	1,425	329	1,754
Charge for the year	232	133	365
Disposals	(1)	-	(1)
Depreciation at 31 March 2014	1,656	462	2,118
Net book value			
At 31 March 2014	70,633	7,499	78,132
At 31 March 2013	70,174	7,442	77,616

9. INVESTMENTS HELD AS FIXED ASSETS
Shares in subsidiary undertaking

	£'000
At 1 April 2013	53,179
Additions	30,548
Disposal	(83,707)
At 31 March 2014	20

Subsidiary	Class of share held	Proportion of nominal value held	Country of incorporation
PGL Adventure Limited	Ordinary	100%	UK
PGL Travel PTY Limited	Ordinary	100%	Australia

The subsidiary PGL Adventure Limited had a profit for the year of £4,000 and share capital and reserves of £182,000.

During the year PGL Travel Limited became the sole guarantor of Hole in the Wall Management Limited, a company limited by guarantee and registered in the United Kingdom. PGL Travel Limited also became the owner of 100% of the share capital of PGL Travel PTY Limited.

On 30th April 2013 PGL Travel Limited purchased the remaining share capital of Meininger Holding GmbH for cash consideration of £30,527,870. The entire share capital of Meininger Holding GmbH was sold to Holidaybreak Limited for £112,391,000 on 29th March 2014, generating a profit on disposal of £28,684,569.

10. STOCKS

	2014 £'000	2013 £'000
Raw materials and consumables	416	326
Finished goods	360	328
	776	654

11. DEBTORS

	2014 £'000	2013 £'000
Trade debtors	12,361	11,671
Amounts due from group undertaking	2,922	-
Prepayments and accrued income	1,571	1,283
	16,854	12,954

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2014

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Trade creditors	4,080	3,653
Amounts owed to group undertaking	33,808	82,761
Corporation tax payable	2,082	4,125
Taxation and social security	822	715
Other creditors	3,416	3,801
Accruals and deferred income	35,890	33,025
	80,098	128,080

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £'000	2013 £'000
Accruals and deferred income	243	219

14. DEFERRED TAXATION

	2014 £'000	2013 £'000
Deferred tax liability	(1,561)	(2,083)

The movement in the deferred taxation liability during the year was:

	£'000	£'000
Profit and loss account movement arising during the year	501	536
Effect of change in UK corporation tax rate	(197)	(90)
Adjustments in respect of prior periods (note 7)	(825)	154
Change in the year	(521)	600

The deferred taxation liability consists of the tax effect of timing differences in respect of:

	£'000	£'000
Excess of taxation allowances over depreciation	(1,561)	(2,083)

No provision has been made for deferred tax on gains recognised on revaluing the freehold and leasehold land and buildings to their Open Market Value Existing Use. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided is £8,722,000 (2013: £7,667,000).

15. SHARE CAPITAL

	2014 £'000	2013 £'000
Allotted, called up and fully paid		
Ordinary shares of £1 each	13,550	13,550

16. RESERVES

	Revaluation reserve £'000	Profit and loss account £'000
At 1 April 2013	43,833	9,171
Dividends paid	-	(38,900)
Profit for the financial year	-	42,935
Actuarial gain recognised in the pension scheme, net of deferred tax	-	316
Other movements: transfer from revaluation reserve	(223)	223
At 31 March 2014	43,610	13,745

17. DIVIDENDS

	2014 Per share £	2014 Amount £'000	2013 Per share £	2013 Amount £'000
Declared and paid	2.87	38,900	1.03	14,000

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £'000	2013 £'000
Profit for the financial year	42,935	13,444
Dividends paid	(38,900)	(14,000)
Actuarial gain/(loss) recognised in the pension scheme, net of deferred tax	316	(173)
Net addition/(reduction) to shareholders' funds	4,351	(729)
Opening shareholders' funds	66,554	67,283
Closing shareholders' funds	70,905	66,554

19. CAPITAL COMMITMENTS

	2014 £'000	2013 £'000
Contracted for but not provided in the financial statements	1,200	45

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2014

20. FINANCIAL COMMITMENTS

Commitments under operating leases

At 31 March 2014 and 31 March 2013 the company was committed to making the following payments during the next year in respect of operating leases:

	2014		2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire:				
- within one year	16	37	15	44
- within two to five years	89	150	75	201
- after five years	131	3	161	3
	236	190	251	248

A cross corporate guarantee exists between certain Holidaybreak Limited group companies, including PGL Travel Limited, in respect of secured borrowings. At 31 March 2014 the amount outstanding under these facilities amounted to £209,900,000 (2013: £221,000,000).

21. PENSION SCHEMES

Defined contribution pension scheme

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 £701,000 (2013: £464,000); £76,000 is included in creditors, in respect of unpaid contributions (2013: £57,000).

Defined benefit pension scheme

The company sponsors the PGL Voyages Limited Pension and Life Assurance Scheme, which is a funded defined benefit arrangement. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 4 October 2010 and updated on an approximate basis to 31 March 2014.

Contributions paid by the company to the scheme during the year to 31 March 2014 amounted to £225,000. Contributions are determined by an independent qualified actuary on the basis of triennial valuations using the Projected Unit method.

Present values of scheme liabilities, fair value of assets and deficit

	31 March 2014 £'000	31 March 2013 £'000	31 March 2012 £'000	30 September 2010 £'000
Fair value of scheme assets	5,208	4,821	4,193	4,030
Present value of scheme liabilities	(6,008)	(6,198)	(5,503)	(5,228)
Deficit in scheme	(800)	(1,377)	(1,310)	(1,198)
Deferred tax	168	317	314	336
Net liability to be recognised	(632)	(1,060)	(996)	(862)

As all actuarial gains and assets are recognised, the surplus or deficit shown above is that recognised in the balance sheet.

21. PENSION SCHEMES (continued)

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2014 £'000	2013 £'000
Scheme liabilities at start of year	6,198	5,503
Current service cost	38	45
Interest cost	252	256
Contributions by scheme participants	8	10
Actuarial (gains)/losses	(319)	570
Benefits paid, death in service insurance premiums and expenses	(169)	(186)
Scheme liabilities at end of year	6,008	6,198

Reconciliation of opening and closing balances of the fair value of scheme assets	2014 £'000	2013 £'000
Fair value of scheme assets at start of year	4,821	4,193
Expected return on scheme assets	243	231
Actuarial gains	81	347
Contributions by employer	225	226
Contributions by scheme participants	8	10
Benefits paid, death in service insurance premiums and expenses	(170)	(186)
Fair value of scheme assets at end of year	5,208	4,821

The actual return on the scheme assets over the year ended 31 March 2014 was £325,000 (2013: £578,000).

Total expense recognised in profit and loss account	£'000	£'000
Current service cost	38	45
Interest cost	252	256
Expected return on scheme assets	(243)	(231)
Total expense recognised in profit and loss account	47	70

	£'000	£'000
Statement of total recognised gains and losses		
Difference between expected and actual return on scheme assets:		
Amount gain	81	347
Experience gains and losses arising on the scheme liabilities:		
Amount (loss)	(521)	(35)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:		
Amount gain/(loss)	840	(537)
Total amount recognised in statement of total recognised gains and losses:		
Amount gain/(loss)	400	(225)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2014

21. PENSION SCHEMES (continued)

Assets	**£'000**	**£'000**
Equities	4,166	3,765
Bonds	625	516
Gilts	-	135
Property	-	227
Cash	417	130
Other	-	48
Total assets	5,208	4,821

None of the fair values of the assets shown above include any of the company's own financial instruments or any property occupied by, or other assets used by, the company.

Assumptions	**2014 % per annum**	**2013 % per annum**
Inflation	3.10	2.60
Salary increases	4.10	3.60
Rate of discount	4.20	4.10
Pension in payment increases on pension accrued from 6 April 1997 to 6 April 2005 (fixed rate)	5.00	5.00
Pension in payment increases on pension accrued post 6 April 2005 (RPI or 2.5% pa if less)	2.50	2.50
Revaluation rate for deferred pensioners on pensions in excess of the Guaranteed Minimum Pension (fixed rate)	5.00	5.00
Allowance for commutation of pension for cash at retirement	4.00	Nil

The mortality tables used are the 00 series tables, rated up two years, together with an assumption for future improvements in mortality in line with the long cohort adjustment factors subject to a 1% underpin. Sample life expectancies using these tables are:

- Male now aged 65 — 22.1 years
- Male now aged 45, life expectancy from age 65 — 23.5 years

Expected long-term rates of return

The expected long-term return on cash is equal to bank base rates at the balance sheet date. The expected return on bonds is determined by reference to UK long dated gilt and bond yields at the balance sheet date. The expected rates of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2014

21. PENSION SCHEMES (continued)

The expected long-term rates of return applicable at the start of each period are as follows:

	2014 % per annum	2013 % per annum
Equities	7.1	5.3
Bonds	4.2	4.1
Gilts	-	2.3
Property	-	5.3
Cash	0.5	0.5
Other	-	5.3
Overall for scheme	6.22	4.96

	History of experience gains and losses				
	Year ended 31 March 2014	Year ended 31 March 2013	Period ended 31 March 2010	Period ended 30 September 2010	Period ended 1 October 2009
Experience gains/(losses) on scheme assets	81	347	(77)	190	207
Experience gains/(losses) on scheme liabilities	(521)	(35)	153	(586)	529

Estimate of contributions to be paid to scheme

The best estimate of the company's contributions to be paid to the scheme for the year ending 31 March 2015 is £225,000 (2014: £230,000).

22. ULTIMATE PARENT COMPANY UNDERTAKING

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 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.