Company Registration Number 01191534

PGL TRAVEL LIMITED

Report and Financial Statements

Period from 1 April 2018
to 31 August 2019

PGL Travel Limited

Report and financial statements 2019

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Officers and professional advisers

DIRECTORS

P J Churchus
J G Firth
S Parkin
A G Sadler
R Sanders
P Sladen
N Currie (appointed 14 January 2019)
A Clegg (appointed 14 January 2019)
A Bracey (appointed 14 January 2019)

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 Sutherland
Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

AUDITOR

Deloitte LLP
Statutory Auditor
Bristol
United Kingdom

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 period ended 31 August 2019 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 Aldgate Education Midco 2 Ltd Group ('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.

During the period, the company operated 24 activity centres across the UK, France, Spain and Australia, owning and leasing 18 of the sites and hiring the remainder. We invested £9.6m (2018: £5.9m) in our UK education centres in the period, in addition to £5.0m (2018: £2.5m) in equipment, plant and machinery. We expect to spend £30m in developing our centres in the next two years. We continue to review opportunities for new PGL centres in the short to medium term and will commence operations at another new centre in the UK in May 2020.

In the below paragraph '2019' refers to the 12-month period to 31 August 2019 compared to the 12-month period to 31 August 2018. In the below paragraph '2018' refers to the 12-month period to 31 March 2018 compared to the 12-month period to 31 March 2017.

UK adventure centres revenue in 2019 showed an increase of 5% (2018: 5%). Our overseas adventure business in Southern France and Spain in 2019 showed a decrease of 9% (2018: 3%), whilst our Northern French centre business in 2019 showed an increase of 18% (2018: 1%). Our schools skiing business in 2019 showed a decrease of 5% (2018 increase of: 31%).

Key performance indicators

The following key performance indicators are used by the Directors to monitor the performance of the Group.

	Key performance indicator (KPI)	31 August 2019	31 March 2018
1	Bookings for next financial year against forecast	90%	93%
2	Bookings for year after next financial year against forecast	48%	55%
3	Percentage of total direct bookings that are made over the internet	25%	23%
4	Percentage of total direct bookings that are repeat customers	52%	52%

Demand for PGL's product remains strong with a very early booking profile and customer retention is extremely high, currently above 80% for schools coming to UK Adventure centres. On 1 February 2020, 90% of the budgeted total income had been booked for the 2019/20 financial year, and 48% for the 2020/21 financial year, demonstrating the robustness and predictability of this product. Investment in the PGL website has continued the trend of bookings over the internet.

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.

Market risk

Competitive pressure in the UK is a continuing risk for the group, which could result in it losing sales to its competitors. The group manages this risk by engaging in regular contact with its customers to maintain high levels of satisfaction and assess future trends.

Principal risks and uncertainties (continued)

Brexit risk

Following the United Kingdom's exit from the European Union the implications of Brexit on both the economy and PGL Travel Limited remain uncertain whilst terms are negotiated. The entity operates in the United Kingdom with most of its transactions and balances in pounds sterling. Therefore, the Directors do not anticipate Brexit having a material impact to the entity. Directors are proactive in monitoring risks and will take quick and decisive action where necessary.

Climate change risk

As consumers become more environmentally aware and consider their carbon footprint this could have an adverse impact upon demand from our overseas customers. Given customers travelling from oversees only makes up a small proportion of PGL Travels revenue the risks associated with consumers becoming more environmentally aware are considered minimal. Directors will monitor the situation and take appropriate action where necessary e.g. exploring offering different means of travel for its overseas customers.

Going concern

The company is a subsidiary of Aldgate Education Topco Ltd, which manages its facilities and working capital across the Group.

The Directors of this company have sought and received an expression of Aldgate Education Topco Ltd intention to provide such support as may be necessary for the foreseeable future. In relying on this support, the Directors have considered Aldgate Education Topco Ltd's ability to continue to provide this support through the borrowing facilities available to it and have concluded that the group has adequate resources to continue to operate for at least the next 12 months. The Directors therefore have prepared the financial statements on a going concern basis.

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 August 2019 were equivalent to 27 days (2018: 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:

P J Churchus
Director
28 February 2020

Directors' report

The directors present their report on the affairs of PGL Travel Limited ('the Company'), together with the financial statements, strategic report and auditor's report, for the seventeen-month period ended 31 August 2019 ("the period") with the comparative twelve-month period to 31 March 2018.

The financial statements relate to a 17-month period ending 31 August 2019. The comparative information relates to a 12-month period ending 31 March 2018. Therefore, the amounts presented in the financial statements are not entirely comparable. The reason for this extended accounting period is to bring the accounting period end in line with its ultimate parent company.

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 pages 3 and 4.

Events after the balance sheet date

Since the period end the company has completed several sale and leaseback transactions in respect of land and buildings as a means of raising finance.

Research and development

During 2019 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. Directors are proactive in monitoring risks and take quick and decisive action where necessary.

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 company paid a dividend of £Nil (£Nil per share) during the period (Year ended 31 March 2018: £65,000,000 £4.80 per share). No dividends have been proposed since 31 August 2019.

Directors

The directors, who served throughout the period and subsequent to the period end unless otherwise stated, were as follows:

N Bali (resigned 14 January 2019)
P J Churchus
J G Firth
A Goenka (resigned 14 January 2019)
T W May (resigned 14 January 2019)
S Parkin
A G Sadler
R Sanders
P Sladen
N Currie (appointed 14 January 2019)
A Clegg (appointed 14 January 2019)
A Bracey (appointed 14 January 2019)

Directors' report (continued)

Directors' indemnities

From 1 April 2018 to 14 January 2019, Holidaybreak Limited, former parent company, maintained liability insurance for the Directors and officers of Holidaybreak Limited, its parent company and its subsidiaries. Since 15 January 2019, Aldgate Education Topco Limited, has maintained liability insurance for the Directors and officers of Aldgate Education Topco Limited and its subsidiaries. Neither the insurance nor the indemnity provides cover where a Director acts fraudulently or dishonestly. The Company has made qualifying third-party indemnity provisions for the benefit of the Group's 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 period.

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.

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:

P J Churchus
Director
28 February 2020

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period. 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 members of PGL Travel Limited

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of PGL Travel Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 August 2019 and of its profit for the 518-day period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements which comprise:

- the Income Statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the members of PGL Travel Limited (continued)

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

We have nothing to report in respect of these matters.

Use of our report

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.

Andrew Wright

Andrew Wright FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Bristol, United Kingdom

28 February 2020

PGL Travel Limited

Profit and loss account
For the period ended 31 August 2019

	Note	Period from 1 April 2018 to 31 August 2019 £'000	Period from 1 April 2017 to 31 March 2018 £'000
Turnover	5	132,892	76,558
Cost of sales		(91,328)	(53,862)
Gross profit		41,564	22,696
Administrative expenses		(12,600)	(7,316)
Other operating income	6	6,185	2,745
Operating profit	6	35,149	18,125
Interest receivable and similar income	9	295	169
Interest payable and similar expenses	10	(278)	(200)
Profit before taxation		35,166	18,094
Tax on profit	11	(5,974)	(3,112)
Profit for the financial period attributable to owner of the company		29,192	14,982

Turnover and operating profit are all derived from continuing operations.

PGL Travel Limited

Statement of comprehensive income
For the period ended 31 August 2019

	Note	Period from 1 April 2018 to 31 August 2019 £'000	Period from 1 April 2017 to 31 March 2018 £'000
Profit for the financial period		29,192	14,982
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of pension scheme	23	9	109
Deferred tax timing differences	11	(2)	(19)
Other comprehensive income/(expense) for the period net of tax		7	90
Total comprehensive income for the period attributable to the owner of the company		29,199	15,072

PGL Travel Limited

Balance sheet
As at 31 August 2019

	Note	31 August 2019 £'000	31 March 2018 £'000
Fixed assets			
Intangible assets	13	3,550	3,453
Tangible assets	14	162,927	146,044
Investments in subsidiaries	15	21	21
		166,498	149,518
Current assets			
Stocks	16	771	827
Debtors	17	29,929	25,233
Cash at bank and in hand		828	1,963
		31,528	28,023
Creditors: Amounts falling due within one year	18	(92,510)	(107,854)
Net current liabilities		(60,982)	(79,831)
Total assets less current liabilities		105,516	69,687
Creditors: Amounts falling due after more than one year	18	(8,517)	(334)
Deferred tax liability	21	(14,652)	(13,686)
Pension surplus/(deficit)	23	1,493	(1,026)
Net assets		83,840	54,641
Equity			
Called-up share capital	22	13,550	13,550
Revaluation reserves		35,079	35,395
Profit and loss account		35,211	5,696
		83,840	54,641

The financial statements of PGL Travel Limited (registered number 01191534) were approved by the Board of Directors and authorised for issue on 28 February 2020. They were signed on its behalf by:

P J Churchus
Director

PGL Travel Limited

Statement of changes in equity
For the period ended 31 August 2019

	Note	Share capital £'000	Revaluation reserves £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2017		13,550	35,622	55,397	104,569
Profit for the year		-	-	14,982	14,982
Transfer between reserves for excess depreciation		-	(227)	227	-
Deferred tax movement on transfer		-	-	109	109
Re-measurement of pension scheme	23	-	-	(19)	(19)
Total comprehensive income for the year		-	(227)	15,299	15,072
Dividends	12	-	-	(65,000)	(65,000)
Balance at 31 March 2018		13,550	35,395	5,696	54,641
Profit for the period		-	-	29,192	29,192
Transfer between reserves for excess depreciation		-	(316)	316	-
Re-measurement of pension scheme	23	-	-	9	9
Deferred tax timing difference	11	-	-	(2)	(2)
Total comprehensive income for the period		-	(316)	29,515	29,199
Dividends	12	-	-	-	-
Balance at 31 August 2019		13,550	35,079	35,211	83,840

PGL Travel Limited

Notes to the financial statements
For the period ended 31 August 2019

1. General information

PGL Travel Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1. The company's principal activity 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 financial statements of Aldgate Midco 2 Limited. The group financial statements of Aldgate Midco 2 Limited are available to the public and can be obtained as set out in note 27.

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 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.

2. Adoption of new and revised International Financial Reporting Standards

Impact of initial application of IFRS 9 Financial Instruments

Background to IFRS 9

In the current period, the company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- Debt instruments that are held within a business mode whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- All other debt investments and equity investments are measured subsequently at fair value through profit and loss (FVTPL).

Despite the foregoing, the company may make the following irrevocable election/designation at initial recognition of a financial asset:

- The company may irrevocably elect to present subsequent changes in fair value of an equity investment that is not held for trading in other comprehensive income; and
- The company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Impacts of IFRS 9 Financial instruments on PGL Travel Limited

The directors of the company reviewed and assessed the company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial implication of IFRS 9 has had no impact on the company's financial assets as regards their classification and measurement.

Notes to the financial statements (continued)

For the period ended 31 August 2019

2. Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current period (continued)

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current period, the company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. More prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

The company's accounting policies for its revenue streams are disclosed in detail in further detail in below. Apart from providing more extensive disclosures for the company's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the company.

Revenue recognition

The company recognises the revenue from the following major source:

- Income received in respect of the provision of activity holidays and educational tours

Sale of services

Turnover from the supply of services represents the value provided under contracts to the extent that there is a right to the consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year and over one year.

New and revised IFRSs in issue but not yet effective

IFRS 16 Leases

The adoption of IFRS 16 'Leases' from 1 January 2019 is expected to have an impact on both the company's balance sheet and income statement. For those leases where it is the lessee, the company will be required to recognise assets and liabilities in the balance sheet in the majority of cases, and the recognition of depreciation and finance costs is required in the profit and loss account. The company is undertaking a detailed assessment to determine the overall impact of IFRS 16 on its results and financial position, which will clearly depend upon the transition options selected and the specific circumstances at the date of adoption.

3. 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, the financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

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 financial statements of Aldgate Midco 2 Limited. The group financial statements of Aldgate Midco 2 Limited are available to the public and can be obtained as set out in note 27.

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

Notes to the financial statements (continued)
For the period ended 31 August 2019

3. Significant accounting policies (continued)

Basis of accounting (continued)

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 (2018: £nil; 2017: £nil).

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 £21,273 with no impairment loss recognised in the year ended the 31 March 2018 or the period ended 31 August 2019.

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 plus other related income that primarily arises from on-site retail sales. Income from the sale of holiday insurance is included at its gross amount as the group acts as principal for these sales.

All holiday related income is recognised on the holiday departure date whilst non-holiday income is recognised when the product or service is provided to the customer. All revenue is recorded net of VAT. Holiday deposits received in advance for holidays departing after the period-end are included within deferred income in creditors.

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.

Notes to the financial statements (continued)

For the period ended 31 August 2019

3. Significant accounting policies (continued)

The company as a lessee

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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. Exchange differences are recognised in profit or loss in the period in which they arise.

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 re-measurement.

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

3. **Significant accounting policies (continued)**

Retirement benefit costs (continued)

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.

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.

Property, plant and equipment

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.

Notes to the financial statements (continued)

For the period ended 31 August 2019

3. **Significant accounting policies (continued)**

Property, plant and equipment (continued)

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

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.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

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.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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.

3. Significant accounting policies (continued)

Impairment of tangible and intangible assets (continued)

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.

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 havelbeen 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.

Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

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.

Notes to the financial statements (continued)

For the period ended 31 August 2019

3. Significant accounting policies (continued)

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.

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.

Notes to the financial statements (continued)
For the period ended 31 August 2019

3. Significant accounting policies (continued)

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 company is a subsidiary of Aldgate Education Topco Ltd, which manages its facilities and working capital across the Group.

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 support, the Directors have considered Aldgate Education Topco Ltd's ability to continue to provide this support through the borrowing facilities available to it and have concluded that the group has adequate resources to continue to operate for at least the next 12 months.

The Directors therefore have prepared the financial statements on a going concern basis.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 3, 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 directors do not consider there to be any critical judgements in applying the company's accounting policies.

Key sources of estimation uncertainty

The directors do not consider there to be any 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.

5. Turnover

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

Revenue from continuing operations	Period from 1 April 2018 to 31 August 2019 £'000	Period from 1 April 2017 to 31 March 2018 £'000
Provision of activity holidays and educational tours	132,892	76,558

Notes to the financial statements (continued)

For the period ended 31 August 2019

5. Turnover (continued)

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

Turnover	Period from 1 April 2018 to 31 August 2019 £'000	Period from 1 April 2017 to 31 March 2018 £'000
UK	122,642	72,635
Rest of Europe	8,526	3,409
Other	1,724	514
	132,892	76,558

6. Operating profit

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

	Period from 1 April 2018 to 31 August 2019 £'000	Period from 1 April 2017 to 31 March 2018 £'000
Net foreign exchange gains	(285)	(80)
Depreciation of tangible fixed assets	4,739	2,815
Amortisation of other intangible assets	1,563	995
Operating lease costs:		
Land and buildings	384	250
Property, plant and equipment	252	241
Gain on disposal of tangible fixed assets	(13)	(11)
Cost of inventories recognised as an expense	1,882	1,139
Write-back of over-provision of inter-company liability		-
Staff costs (see note 7)	47,661	26,452

During the period management recharges of £6.185m (2018: £2.745m) were charged by the company to PGL Adventure Limited in respect of administration expenses incurred on its behalf.

7. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual financial statements for the period ended 31 August 2019 were £65,000 (Year Ended 31 March 2018: £65,000).

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 period ended 31 August 2019

8. Staff costs

The average monthly number of employees was:

	2019 Number	2018 Number
Permanent	549	514
Seasonal	1,644	1,428
	2,193	1,942

Their aggregate remuneration comprised:

	Period from 1 April 2018 to 31 August 2019 £'000	Period from 1 April 2017 to 31 March 2018 £'000
Wages and salaries	43,673	24,294
Social security costs	2,615	1,416
Other pension costs	1,373	742
	47,661	26,452

Details of Directors remuneration can be found in Note 26.

9. Interest receivable and similar income

	Period from 1 April 2018 to 31 August 2019 £'000	Period from 1 April 2017 to 31 March 2018 £'000
Interest from short-term deposits	9	1
Interest income on defined benefit scheme assets	286	168
	295	169

10. Interest payable and similar expenses

	Period from 1 April 2018 to 31 August 2019 £'000	Period from 1 April 2017 to 31 March 2018 £'000
Interest expense on defined benefit scheme liabilities	278	200

Notes to the financial statements (continued)

For the period ended 31 August 2019

11. Tax

	Period from 1 April 2018 to 31 August 2019 £'000	Period from 1 April 2017 to 31 March 2018 £'000
Corporation tax:		
UK corporation tax	4,922	2,453
Adjustments in respect of prior years	88	166
Total current tax	5,010	2,619
Deferred tax: (see note 21)		
Origination and reversal of temporary differences	934	531
Adjustments in respect of prior years	30	18
Effect of changes in tax rate	-	(56)
Total deferred tax	964	493
Tax per profit and loss account	5,974	3,112
Other comprehensive income items		
Deferred tax current year charge/(credit)	2	19
	5,976	3,131

Corporation tax is calculated at 19% (2018: 19%) of the estimated taxable profit for the period.

Factors affecting total tax charge for the current period

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

	£'000	£'000
Profit before tax	35,166	18,094
Tax at the UK corporation tax rate of 19% (2018: 19%)	6,682	3,438
Tax effect of expenses that are not deductible in determining taxable profit	464	419
Tax effect of income not taxable in determining taxable profit	(12)	(4)
Tax effect of rate changes	(110)	(56)
Effects of group relief and other reliefs claimed	(1,168)	(868)
Adjustment in respect of prior years	118	183
Tax charge for the year	5,974	3,112

Finance Act 2016, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 17% from 1 April 2020.

Notes to the financial statements (continued)
For the period ended 31 August 2019

11. 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):	Period from 1 April 2018 to 31 August 2018 £'000	Period from 1 April 2017 to 31 March 2018 £'000
Pension – defined benefit	2	19

	£'000	£'000
Deferred tax (assets)/liabilities		
Provision at start of year	13,686	13,174
Adjustment in respect of prior years and changes in tax rate	30	(56)
Deferred tax charge to profit and loss for the period	934	549
Deferred tax (credit)/charge in OCI for the period	2	19
Provision at end of year	14,652	13,686

Deferred tax (assets)/liabilities	£'000	£'000
Fixed assets	14,049	13,220
Rolled over gains	282	282
Retirement benefits	(25)	(188)
Intangibles	346	372
Provision at end of year	14,652	13,686

12. Dividends

	1 April 2018 to 31 August 2019 £'000	1 April 2017 to 31 March 2018 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the period ended 31 August 2019 (equivalent to 0p, Year ended 31 March 2018: 480p per share).	-	65,000

PGL Travel Limited

Notes to the financial statements (continued)
For the period ended 31 August 2019

13. Intangible assets

	Software costs £'000	Software development £'000	Total £'000
Cost			
At 1 April 2018	6,307	36	6,343
Additions	1,660	-	1,660
Transfer	36	(36)	-
Disposals	(739)	-	(739)
At 31 August 2019	7,264	-	7,264
Amortisation			
At 1 April 2018	2,890	-	2,890
Charge for the year	1,563	-	1,563
Disposals	(739)	-	(739)
At 31 August 2019	3,714	-	3,714
Carrying amount			
At 31 August 2019	3,550	-	3,550
At 31 March 2018	3,417	36	3,453

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.

Notes to the financial statements (continued)
For the period ended 31 August 2019

14. Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 1 April 2018	138,411	12,609	225	4,415	155,660
Additions	9,646	5,017	395	6,564	21,621
Transfers between classes	2,688	956	-	(3,644)	-
Disposals	-	(2,874)	(20)	-	(2,894)
At 31 August 2019	150,745	15,708	600	7,335	174,387
Accumulated depreciation and impairment					
At 1 April 2018	3,667	5,844	105	-	9,616
Charge for the period	983	3,662	94	-	4,739
Elimination on disposals	-	(2,874)	(20)	-	(2,894)
At 31 August 2019	4,650	6,632	179	-	11,461
Carrying amount					
At 31 August 2019	146,095	9,076	421	7,335	162,927
At 31 March 2018	134,744	6,765	120	4,415	146,044

All fixed assets are initially recorded at cost.

Motor vehicles with a total net book value of £0.4m (2018: £0.1m) included above are under finance leases.

Included within the carrying amount of land and buildings is a carrying amount of £130,323,268 (2018: £118,958,000) in relation to freehold land and buildings, £877,300 (2018: £852,000) in relation to short-term leasehold land and buildings and £14,894,175 (2018: £14,934,000) in relation to long-term leasehold land and buildings.

Notes to the financial statements (continued)
For the period ended 31 August 2019

15. Fixed asset investments

	31 August 2019 £'000	31 March 2018 £'000
Investments in subsidiaries	21	21

Subsidiaries

	£'000
Cost	
At 1 April 2018	21
Additions	-
At 31 August 2019	21
Carrying amount	
At 31 March 2018	21
At 31 August 2019	21

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment. No impairment occurred in either period.
Note 27 includes details of all related undertakings and forms part of these financial statements.

At 31 August 2019, 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%	Transport services company
HB PGL Holding UK Ltd	United Kingdom	Ordinary	100%	Property ownership
PGL Travel PTY Limited	Australia	Ordinary	100%	Holding company
PGL Property PTY Limited *	Australia	Ordinary	100%	Property ownership
PGL Adventure Camps PTY Limited *	Australia	Ordinary	100%	Provision of activity holidays
Cox & Kings PGL Camps PTY Limited *	Australia	Ordinary	100%	Property ownership

* Held via a subsidiary company.

PGL Adventure Limited's registered office is Alton Court, Penyard Lane, Ross-on-Wye, Herefordshire, HR9 5GL.

HB PGL Holding UK Limited's registered office is Alton Court, Penyard Lane, Ross-on-Wye, Herefordshire, HR9 5GL.

PGL Adventure Camps PTY Limited's registered office is 72 Market Street, South Melbourne, VIC 3205.

The company has claimed exemption under section 400 of the Companies Act 2006 from disclosure of the results and share capital and reserves of the above-named subsidiary as the results of the company and its subsidiary are consolidated into the financial statements of Aldgate Midco 2 Limited, which are publicly available (see note 28).

PGL Travel Limited

Notes to the financial statements (continued)
For the period ended 31 August 2019

16. Stocks

	31 August 2019 £'000	31 March 2018 £'000
Raw materials and consumables	451	331
Finished goods	320	496
	771	827

17. Debtors

	31 August 2019 £'000	31 March 2018 £'000
Amounts falling due within one year:		
Amounts receivable for the sale of goods and services	7,305	13,777
Amounts owed by group undertakings	20,519	8,900
Prepayments and accrued income	2,105	2,556
	29,929	25,233

Amounts owed by group undertakings are repayable on demand, unsecured and interest-free.

18. Creditors:

	31 August 2019 £'000	31 March 2018 £'000
Amounts falling due within one year		
Trade payables	2,983	3,293
Amounts owed to group undertakings (note 19)	56,191	57,737
Corporation Tax	4,684	1,422
Other taxation and social security	911	1,046
Other payables	207	4,689
Accruals and deferred income	27,024	39,650
Obligations under finance leases (note 20)	82	17
Ground rent lease funding with LXI Property Holdings	428	-
	92,510	107,854

	31 August 2019 £'000	31 March 2018 £'000
Amounts falling due after more than one year		
Deferred income	593	273
Obligations under finance leases (note 20)	318	61
Ground rent lease funding with LXI Property Holdings	7,606	-
	8,517	334

Notes to the financial statements (continued)

For the period ended 31 August 2019

18. Creditors (continued)

Amounts owed to group undertakings are repayable on demand, unsecured and interest-free.

The company holds £8,034,000 secured ground rent lease funding with LXi Property Holdings 4A Limited charged at an interest rate of 4.98% which is subject to an annual inflationary increase. On 18 July 2019, the company borrowed £8m as secured ground rent lease funding from LXi Property Holdings 4A Limited. The head lease for the ground rent funding runs for 999 years.

The transaction with LXi Property Holdings 4A Limited whereby the company grant head leases over the properties to LXi Property Holdings 4A Limited, LXi Property Holdings 4A Limited grant ground leases to the company to occupy the property and options to repurchase those properties represent, in substance, secured borrowing.

The secured ground lease funding is held as a financial liability. More details disclosed within note 3.

19. Amounts owed to group undertakings

	31 August 2019 £'000	31 March 2018 £'000
Unsecured borrowing at amortised cost		
Amounts owed to group undertakings	56,191	57,737

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

The company had three principal group loans at 31 August 2019 and two at 31 March 2018:

(a) an unsecured loan of £52,922,274 (2018: £53,958,838) from the company's parent which is repayable on demand and carries no interest.

(b) an unsecured loan of £1,002,182 (2018: £512,838) from fellow subsidiaries which are repayable on demand and carry no interest.

(c) an unsecured loan of £2,266,680 (2018: £Nil) from a fellow group company which is repayable on demand and carries no interest.

20. Obligations under finance leases

	31 August 2019 £'000	31 March 2018 £'000
Amounts payable under finance leases:		
Within one year	103	18
In the second to fifth years inclusive	359	78
	462	96
Less: future finance charges	(62)	(18)
Present value of lease obligations	400	78

Notes to the financial statements (continued)

For the period ended 31 August 2019

20. Obligations under finance leases (continued)

	31 August 2019 £'000	31 March 2018 £'000
Amounts payable under finance leases:		
Within one year	82	17
In the second to fifth years inclusive	318	61
Present value of lease obligations	400	78
Analysed as:		
Amounts falling due within one year	82	17
Amounts falling due after more than one year	318	61
	400	78

It is the Company's policy to lease certain motor vehicles under finance leases. The average lease term is 4 years. For the period ended 31 August 2019, the average effective borrowing rate was 10.1% (Year ended March 2018: 9.3%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in sterling.

The fair value of the Company's lease obligations is approximately equal to their carrying amount.

21. 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	Retirement benefits £'000	Intangibles £'000	Total £'000
Deferred tax (assets)/ liabilities				
At 1 April 2017	12,920	(253)	507	13,174
Charge to profit or loss	567	47	(139)	475
Effect of change in tax rate	15	(1)	4	18
Charge to other comprehensive income	-	19	-	19
At 1 April 2018	13,502	(188)	372	13,686
Charge to profit or loss	799	161	(26)	934
Adjustments in respect of prior years	30	-	-	30
Charge to other comprehensive income	-	2	-	2
At 31 August 2019	14,331	(25)	346	14,652

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

Notes to the financial statements (continued)

For the period ended 31 August 2019

22. Share capital and reserves

	31 August 2019 £'000	31 March 2018 £'000
Authorised, issued and fully paid:		
13,550,000 ordinary shares of £1 each	13,550	13,550

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

The revaluation reserve relates to a prior period gain on trading freehold land and buildings. Prior to the date of transition to FRS 101, trading freehold land and buildings were 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.

23. 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 period by the company and its employees amounted to £1,368,000 (2018: £855,000); £136,000 is included in payables, in respect of unpaid contributions (2018: £79,000).

Defined benefit schemes

The PGL 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 2016 and updated on an approximate basis to 31 August 2019 by Mr Donaldson of Quattro Pensions, Fellow of the Institute and Faculty 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.

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

Notes to the financial statements (continued)

For the period ended 31 August 2019

23. Retirement benefit schemes (continued)

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 August 2019	31 March 2018	31 March 2017
	%	%	%
Discount rate	1.8	2.5	2.5
Expected return on scheme assets	2.5	2.5	2.5
Expected rate of salary increases	4.4	4.0	3.9
Future pension increases	2.5	2.5	2.5
Inflation	3.5	3.0	2.9

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 August 2019 imply the following life expectancies:

Male now aged 45, life expectancy from age 65	22.5 years
Male now aged 65	21.5 years
Female now aged 45, life expectancy from age 65	24.6 years
Female now aged 65	23.4 years

Notes to the financial statements (continued)

For the period ended 31 August 2019

23. Retirement benefit schemes (continued)

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

Assumption	Percentage change to liability value	Addition to liability value £'000
Reduce discount rate by 0.5% pa	8.1%	730
Increase inflation rate by 0.5% pa	0.5%	45
Add 1 year to life expectancies	3.0%	270

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:

	31 August 2019 £'000	31 March 2018 £'000
Interest cost	278	200
Expected return on scheme assets	(286)	(168)
Current service cost	34	22
Total recognised in the profit and loss account	26	54

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

	31 August 2019 £'000	31 March 2018 £'000
Actuarial (gains)/losses arising from changes in demographic assumptions	(31)	(121)
Actuarial losses arising from changes in financial assumptions	961	63
Actuarial gains on assets	(939)	(51)
Total recognised in the statement of comprehensive income	(9)	(109)

Notes to the financial statements (continued)

For the period ended 31 August 2019

23. 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:

	2019 £'000	2018 £'000	2017 £'000
Present value of defined benefit obligations	(9,009)	(8,025)	(8,050)
Fair value of scheme assets	10,502	6,999	6,633
Funded status	1,493	(1,026)	(1,417)
Net asset/(liability) recognised in the balance sheet	1,493	(1,026)	(1,417)

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

	2019 £'000	2018 £'000
At 1 April	8,025	8,050
Service cost	34	22
Employee contributions	5	3
Interest cost	278	200
Actuarial (gains)/losses	930	(58)
Benefits paid	(263)	(192)
At 31 August : March	9,009	8,025

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

	2019 £'000	2018 £'000
At 1 April	6,999	6,633
Employee contributions	5	3
Expected return on scheme assets	286	168
Actuarial gain	939	51
Contributions from the sponsoring companies	2,536	336
Benefits paid	(263)	(192)
At 31 August : March	10,502	6,999

Notes to the financial statements (continued)

For the period ended 31 August 2019

23. 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		
	2019 **£'000**	**2018** **£'000**	**2017** **£'000**
Equities	2,366	3,028	4,228
Bonds	6,834	3,082	983
Property	160	34	13
Other	1,142	855	1,409
Overall for scheme	10,502	6,999	6,633

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 2020 financial year is £36,000.

The triennial valuation of the Group's pension scheme took place on 5 October 2019 and is still being finalised. 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 Group considers that the contribution rates agreed with the trustees are sufficient to maintain the current asset position.

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

24. Operating lease arrangements

The company as lessee

	1 April 2018 to 31 August 2019 £'000	**1 April 2017 to 31 March 2018 £'000**
Lease payments under operating leases recognised as an expense in the year	636	491

Notes to the financial statements (continued)

For the period ended 31 August 2019

24. Operating lease arrangements (continued)

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:

	31 August 2019 £'000	31 March 2018 £'000
Within one year	363	432
In the second to fifth years inclusive	872	1,086
After five years	1,762	1,686
	2,997	3,204

25. Related party transactions

The company has claimed exemption under FRS 101 8(k) from disclosing transactions with related parties entered into between two or more members of a group, as any subsidiary which is party to the transaction is a whole owner member of that group. Balances outstanding relating to group entities have been disclosed in aggregate within notes 17, 18 and 19.

26. Directors remuneration

Former directors N Bali, A Goenka and T W May were employed up until the point they resigned by Holidaybreak Limited and their remuneration is disclosed in the financial statements of Holidaybreak Limited.

P J Churchus, J G Firth, A G Sadler, R Sanders, P Sladen and S Parkin 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 the directors' remuneration between their services as directors of these companies and their services as directors of PGL Travel Limited.

Notes to the financial statements (continued)
For the period ended 31 August 2019

27. Related undertakings

At 31 August 2019, 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	Registered office address
PGL Adventure Ltd	United Kingdom	Ordinary	100%	Provision of transport services	Alton Court, Penyard Lane, Ross-on-Wye, Herefordshire, HR9 5GL
HB PGL Holding UK Ltd	United Kingdom	Ordinary	100%	Property holding company	Alton Court, Penyard Lane, Ross-on-Wye, Herefordshire, HR9 5GL
PGL Travel PTY Limited	Australia	Ordinary	100%	Intermediate holding company	72 Market St, 3006 Southbank, Australia
PGL Adventure Camps PTY Ltd.	Australia	Ordinary	100%	Provision of travel services	72 Market St, 3006 Southbank, Australia
PGL Property PTY Ltd. (Aus)	Australia	Ordinary	100%	Property holding company	72 Market St, 3006 Southbank, Australia
PGL Camps PTY Ltd.	Australia	Ordinary	100%	Provision of travel services	72 Market St, 3006 Southbank, Australia

The company has claimed exemption under section 400 of the Companies Act 2006 from disclosure of the results and share capital and reserves of the above-named subsidiaries as the results of the company and its subsidiaries are consolidated into the financial statements of Aldgate Education Midco 2 Limited, which are publicly available (see note 28.)

28. Controlling party

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is Aldgate Education Topco Limited, a company incorporated in Jersey.

The smallest and largest group for which group financial statements have been drawn up is that headed by Aldgate Education Midco 2 Limited. The financial statements can be obtained from its registered address at Aldgate Education Midco 2 Limited, Alton Court, Penyard Lane, Ross-On-Wye, Herefordshire, HR9 5GL.

The immediate parent undertaking is PGL Voyages Limited.

29. Capital commitments

At 31 August 2019 the company had contractual commitments for development of land and buildings of £34,544 (As at 31 March 2018: £3,386,000).

Notes to the financial statements (continued)
For the period ended 31 August 2019

30. Financial commitments and guarantees

A cross corporate guarantee exists between certain Aldgate Education Topco Ltd group companies in respect of secured borrowings. At 31 August 2019 the amount outstanding under these facilities amounted to £371,978,000.

A cross corporate guarantee existed between certain Holidaybreak Limited group companies in respect of secured borrowings. At 31 March 2018 the amount outstanding under these facilities amounted to £217,000,000.