

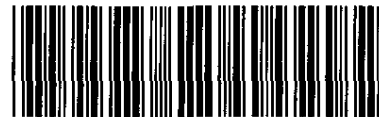
Travcorp Management Services Limited

Annual report and financial statements

Registered number 1287768

For the year ended 31 December 2021

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Strategic report

The directors present their annual strategic report, directors' report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the company during the year was the provision of financial, accounting and data processing services.

Performance of the business

Both the level of business and the year-end financial position were considered satisfactory. The level of profitability during the year was reduced due to the impact of the COVID-19 pandemic on the group's activities, although this was partly helped by the receipt of Government support from the Job Support Scheme, which was not used to reduce expenses when calculating turnover.

The profit for the year, after taxation, was £856,375 (2020: £1,220,608).

No dividend was paid in the year (2020: £nil).

Key performance indicators

The key indicators of performance revolve around wages and salaries and other overhead costs. On both these measures, the directors are satisfied that budget assumptions are being met.

Principal risks

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risk arising from the company's financial instruments is credit risk. The directors review and agree policies for managing financial risks as summarised below.

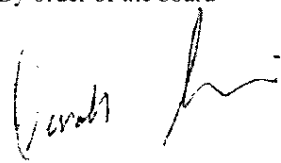
Credit risk is managed by agreeing payment terms in advance and by having in place appropriate credit control procedures. Where credit risk is considered to be higher than acceptable, payment must be provided in advance. The company's transactions are undertaken predominantly in sterling and therefore the Directors do not consider that foreign currency risk is significant, although this will be kept under review.

Future developments

The directors aim to maintain the management policies which have resulted in the Company's profit for the year.

The directors believe that acceptable levels of operating profitability will be delivered in 2022.

By order of the board



Derek Howie
Director

15 Grosvenor Place
London
SW1X 7HH

30 August 2022

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2021.

Financial instruments

Details of the company's financial management objectives and policies are included in note 18 to the financial statements.

Directors and directors' interests

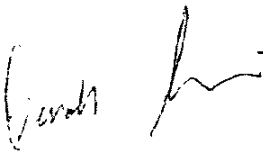
The directors who held office during the year were as follows:

D Howie
J Gattrell

Going concern

Both the level of business and the year-end financial position were considered satisfactory. The directors expect that the level of activity will return to more normal levels in 2022.

By order of the board



Derek Howie
Director

15 Grosvenor Place
London
SW1X 7HH

30 August 2022

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international 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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Statement of comprehensive income
for the year ended 31 December 2021

	<i>Note</i>	2021 £	2020 £
Revenue	2	11,943,213	13,257,750
Other income	2	803,319	803,851
Administrative expenses		(11,878,607)	(12,677,829)
Operating profit	3, 4, 5	867,925	1,383,772
Finance income	6	242,675	212,270
Finance expense	7	(29,369)	(44,395)
Profit before taxation		1,081,231	1,551,647
Taxation	8	(224,856)	(331,039)
Profit for the year		856,375	1,220,608
Total comprehensive income for the year		856,375	1,220,608

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 25 form an integral part of these financial statements.

All results in the current and preceding year relates to continuing operations.

Statement of changes in equity
for the year ended 31 December 2021

	Share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	2	9,579,178	9,579,180
Total comprehensive income for the year	-	1,220,608	1,220,608
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	2	10,799,786	10,799,788
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2021	2	10,799,786	10,799,788
Total comprehensive income for the year	-	856,375	856,375
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	2	11,656,161	11,656,163
	<hr/>	<hr/>	<hr/>

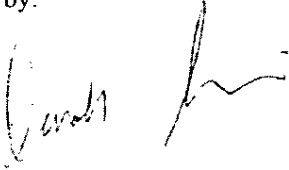
The notes on pages 9 to 25 form an integral part of these financial statements.

Statement of financial position
as at 31 December 2021

	<i>Note</i>	2021 £	2020 £
Non-current assets			
Property, plant and equipment	9	1,554,631	1,791,442
ROU assets	21	1,269,265	2,068,837
		2,823,896	3,860,279
Current assets			
Amounts due from related parties	11	14,738,865	13,277,633
Other receivables	12	250,439	687,905
Cash and cash equivalents	13	586,715	376,747
Total current assets		15,576,019	14,342,285
Total assets		18,399,915	18,202,564
Non-current liabilities			
Deferred tax	10	(44,390)	(41,291)
Lease liability	19	(873,317)	(1,453,021)
Total non-current liabilities		(917,707)	(1,494,312)
Current liabilities			
Amounts due to related parties	14	(4,687,776)	(3,756,005)
Trade and other payables	15	(428,990)	(1,050,475)
Lease liability	19	(488,457)	(788,605)
Tax payable		(220,822)	(313,378)
Total current liabilities		(5,826,045)	(5,908,463)
Net assets		11,656,163	10,799,789
Equity			
Share capital	17	2	2
Retained earnings		11,656,161	10,799,786
Total equity		11,656,163	10,799,788

For the year ended 31 December 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the board of directors on 30 August 2022 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Derek Howie', written over a horizontal line.

Derek Howie
Director

The notes on pages 9 to 25 form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2021

	<i>Note</i>	2021 £	2020 £
Cash flows from operating activities			
Profit for the year		856,375	1,220,608
<i>Adjustments for:</i>			
Depreciation	3	373,003	368,703
ROU depreciation	21	624,919	822,787
Finance income	6	(242,675)	(212,270)
Finance expense	7	29,369	44,395
Taxation	8	224,856	331,039
		1,865,847	2,575,262
Decrease / (increase) in trade and other receivables		976,234	(2,230,669)
Increase in trade and other payables		310,286	2,060,915
		3,152,367	2,405,508
Tax paid		(314,314)	(1,246,456)
Net cash generated from operating activities		2,838,053	1,159,052
Cash flows from investing activities			
Interest received		242,675	212,270
Acquisition of property, plant and equipment		(136,192)	(360,710)
Net cash generated from investing activities		106,483	(148,440)
Cash flows from financing activities			
Lease liability payments		(909,221)	(820,919)
Effect of ROU asset lease changes	21	174,653	-
Increase in intercompany loan		(2,000,000)	-
Net cash generated from financing activities		(2,734,568)	(820,919)
Net increase in cash and cash equivalents		209,968	189,693
Cash and cash equivalents at 1 January	13	376,747	187,054
Cash and cash equivalents at 31 December	13	586,715	376,747

The notes on pages 9 to 25 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Travcorp Management Services Limited (the "company") is a private company, incorporated, domiciled and registered in England, in the UK. The registered number is 03135149 and the registered address is 15 Grosvenor Place, London, SW1X 7HH. The Company financial statements have been prepared and approved by the directors in accordance with international accounting standards in accordance with UK-adopted international accounting standards ("UK-adopted IFRS")

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

Going concern

The Company's financial statements have been prepared on a going concern basis which the directors believe to be appropriate, notwithstanding the significant challenges posed by the current global COVID-19 crisis, for the following reasons.

At the year end, the Company had net assets of £11,656,163 and net current assets of £9,749,974. It manages its day to day and medium-term funding requirements through cash balances. These cash balances are forecast to provide sufficient liquidity to finance seasonal cash flows in the ordinary course of business.

The global COVID-19 coronavirus pandemic is impacting all businesses. As a result of the pandemic, the nature of the Company's business is such that in the next twelve months, there is expected to be an unpredictable variation in the value and timing of cash inflows.

The Company is a subsidiary of the Group headed by The Travel Corporation Limited (the Group). The Company is reliant on other Group companies for its income as it provides management and other services to fellow subsidiaries of the Travel Corporation and it is integral to the operations of the Group. Consequently, the ability of the Company to continue as a going concern is based on the ability of the Group to continue as a going concern. As such, the directors of the Company have had regard to the Group which has prepared financial forecasts, which the Directors have reviewed, comprising operating profit, balance sheet and cash flows covering a period of at least 12 months from the date of these financial statements. The Group finances its working capital through cash balances and has significant liquidity available to cope with additional cash requirements related to potential impacts of COVID-19. The Group's forecasts indicate that even in the severe but plausible downside scenario set out above it will have sufficient funds to continue to meet its liabilities as they fall due during the period to 31 December 2023. Similarly, the directors of the Company have prepared projected cash flow information for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent company, Travel Corporation Limited, to meet its liabilities as they fall due for that period.

That assessment is dependent on Travel Corporation Limited providing additional financial support during that period. Travel Corporation Limited has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Revenue

The Company applies the following five step model;

- 1) Identification of a contract to provide administrative services
- 2) Identification of performance obligations within that contract
- 3) Determination of the transaction price as outlined within the contract for the provision of administrative services
- 4) Allocation of the transaction price to the performance obligations as outlined within the contract and
- 5) Recognition of revenue

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

Revenue (continued)

For each performance obligation, the company identifies whether it has been satisfied at a point in time or over time based upon an evaluation of the receipt and consumption of benefits and enforceable payment rights associated with that obligation. The Company's agreements with customers do not contain complex terms or separately identifiable performance obligations outside delivering services to customers. The performance obligation is the supply of services to the customer and therefore the transaction price relates to this performance obligation.

Revenue represents the income earned from the provision of administrative services and is recognised over time as the service is provided. All revenue excludes value added tax.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the statement of comprehensive income. Exchange differences arising on non-monetary items, carried at fair value, are included in the statement of comprehensive income, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The three principal classification categories for financial assets: measure at amortised cost, FVOCI and FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions.

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding.

The company's financial assets are in this category. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. Impairment losses represent allowances for expected credit losses over the lifetime of the financial asset (ECLs). Loss allowances for trade receivables and other receivables such as amounts due to related parties are always measured at an amount equal to lifetime ECL.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

Classification of financial assets (continued)

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives are as follows:

Leasehold refurbishment	-	10% straight line or life of lease if less than 10 years
Fixtures and fittings	-	10% to 33% straight line

Employee benefits

Defined benefit plans

The company participates in a group defined benefit pension scheme, which was closed to new members from 1 May 2004 and closed to further accrual from 1 May 2011. The assets of the scheme are held separately from those of the company in separate trustee administered funds. The pension scheme is a group plan and Travcorp Management Services Ltd is a participating employer. The ultimate holding company has signed a guarantee taking full responsibility for the pension liability such that, should the pension scheme ultimately conclude with insufficient funds, then this company will accept the liability and contribute the funds. The net defined benefit liability of the pension scheme is therefore recognised fully by the ultimate holding company. Consequently, the scheme is accounted for as a defined contribution scheme and obligations for contributions are recognised as an expense in the income statement as incurred.

Defined contribution plans

From 1 May 2004 the company participated in a group defined contribution scheme. The assets of the scheme are held separately from those of the company in separate trust administered funds.

The company also contributes to a multi-employer, defined contribution occupational pension scheme for certain employees. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates in force for the year, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

Expenses

Finance income and expenses

Finance income comprises interest receivable on funds invested. Finance expenses comprise interest payable.

Finance income and expenses are recognised in statement of comprehensive income as they accrue, using the effective interest method.

Capital management

The company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

The company has no external debt as at 31 December 2021 and is not subject to externally imposed capital requirements. Management of capital therefore focuses around its ability to generate cash from its operations.

IFRS 16 'Leases'

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16.

As a lessee

The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred [and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located], less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

IFRS 16 'Leases' (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Standards, amendments and interpretations adopted during the period

There were no new or forthcoming accounting standards that are expected to have an impact on the company.

2 Revenue & other income

The turnover and pre-tax result are wholly attributable to the company's main activity, the provision of management services.

The company has no contract assets, trade receivables or contract liabilities.

	2021 £	2020 £
Major service lines		
Management fees (group) – Guernsey, Channel Islands	11,908,343	13,079,963
Management fees (group) - UK	-	153,541
Management fees (non-group) - UK	34,870	24,246
	<hr/>	<hr/>
	11,943,213	13,257,750
	<hr/>	<hr/>
	2021 £	2020 £
Other income		
Government support and grants	437,734	431,851
Lease concessions	365,585	372,000
	<hr/>	<hr/>
	803,319	803,851
	<hr/>	<hr/>

Included within other income is £437,734 relating to the Government Job Support Scheme. Having met all conditions for payment, these Government grants are recognised on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate. The company has elected to present such grant income as other income.

Notes (continued)
(forming part of the financial statements)

3 Expenses and auditor's remuneration

	2021 £	2020 £
<i>Included in profit for the year are the following:</i>		
Depreciation	373,003	368,703
<i>Auditor's remuneration:</i>		
Audit of these financial statements	-	19,000
	<u> </u>	<u> </u>

4 Staff numbers and costs

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	Number of employees 2021 No	2020 No
Office and management	142	152
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2021 £	2020 £
Wages and salaries	7,669,880	7,531,795
Social security costs	859,383	826,944
Other pension costs	591,391	611,330
	<u> </u>	<u> </u>
	9,120,654	8,970,069
	<u> </u>	<u> </u>

5 Directors' emoluments

	2021 £	2020 £
Directors' emoluments	-	-
	<u> </u>	<u> </u>

Notes (continued)
(forming part of the financial statements)

6 Finance income

	2021 £	2020 £
Loan interest receivable	242,620	211,622
Bank interest receivable	55	648
	<u>242,675</u>	<u>212,270</u>

7 Finance expense

	2021 £	2020 £
Interest expense on lease liabilities	29,369	44,395
	<u>29,369</u>	<u>44,395</u>

8 Taxation

Recognised in the statement of comprehensive income:

	2021 £	2020 £
<i>Current tax expense</i>		
Current year	221,757	313,378
Adjustments in respect of prior year	-	(17,673)
	<u>221,757</u>	<u>295,705</u>
<i>Deferred tax expense</i>		
Origination/reversal of timing differences	3,099	35,334
	<u>3,099</u>	<u>35,334</u>
Total tax in statement of comprehensive income	<u>224,856</u>	<u>331,039</u>

Reconciliation of effective tax rate:

	2021 £	2020 £
<i>Profit before tax</i>	1,081,231	1,551,647
<i>Effects of:</i>		
Tax using UK corporation tax rate of 19% (2020: 19%)	205,434	294,813
Depreciation on non-qualifying assets	27,934	27,564
Non-deductible expenditure	(8,512)	8,662
	<u>224,856</u>	<u>331,039</u>
Total tax in statement of comprehensive income	<u>224,856</u>	<u>331,039</u>

On 24 May 2021, the UK corporation rate of 25% (effective 1 April 2023) was substantively enacted, increasing from the current rate of 19%. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 December 2021 has been calculated at 25% (2021: 19%) given this rate was substantively enacted.

Notes (continued)
(forming part of the financial statements)

9 Property, plant and equipment

	Short leasehold refurbishment £	Fixtures and fittings £	Total £
Cost			
Balance at 1 January 2020	1,390,439	1,073,611	2,464,050
Additions	114,336	246,374	360,710
Disposals	-	-	-
Balance at 31 December 2020	1,504,775	1,319,985	2,824,760
Balance at 1 January 2021	1,504,775	1,319,985	2,824,760
Additions	26,724	109,468	136,192
Disposals	-	-	-
Balance at 31 December 2021	1,531,499	1,429,453	2,960,952
Depreciation			
Balance at 1 January 2020	101,064	563,551	664,615
Depreciation charge in year	145,075	223,628	368,703
Disposals	-	-	-
Balance at 31 December 2020	246,139	787,179	1,033,318
Balance at 1 January 2021	246,139	787,179	1,033,318
Depreciation charge in year	147,023	225,980	373,003
Disposals	-	-	-
Balance at 31 December 2021	393,162	1,013,159	1,406,321
Net book value			
At 31 December 2020	1,258,636	532,806	1,791,442
At 31 December 2021	1,138,337	416,294	1,554,631

Notes (continued)
(forming part of the financial statements)

10 Deferred tax

Deferred tax liabilities are attributable to the following:

	2021 £	2020 £
Fixed asset timing differences	(44,390)	(41,291)
The movement in the deferred taxation during the year:		
At 1 January	(41,291)	(5,956)
Recognised in statement of comprehensive income	(3,099)	(35,335)
At 31 December	(44,390)	(41,291)

11 Amount due from related parties

Amounts due from other members of The Travel Corporation Limited ("TTC") group, which are unsecured, non-interest bearing, and payable on demand are:

	2021 £	2020 £
TTC Travel Group Limited	12,562,808	11,533,993
Red Carnation Hotels (UK) Limited	1,463,233	1,190,319
Trafalgar Tours International Limited	17,761	-
Evan Evans Tours Limited	14,421	65,676
Evan Evans Transport Limited	1,060	1,124
No Limits Limited	-	12,826
Travel Corporation Asia (UK) Limited	180,454	191,571
Travcorp SA	145,900	83,686
Travcorp UK Limited	24,225	23,439
Contiki Services Limited	46,986	66,736
AAT King's Tours (UK) Limited	-	3,017
Uniworld River Cruises Inc.	67,390	45,092
Insight Vacations Limited	10,297	9,447
Busabout Operations Limited	-	13,754
Brendan Vacations (Ireland) Limited	3,006	4,040
TTC Group Services Limited	156,422	28,669
Contiki Holidays (Guernsey) Limited	-	1,133
York Road Travel Limited	42,905	-
Travel Corporation Asia Limited	1,998	3,111
	14,738,865	13,277,633

The company's exposure to credit risk and impairment losses related to amounts due from related parties is disclosed in note 18.

Notes (continued)
(forming part of the financial statements)

12 Other receivables

	2021 £	2020 £
VAT receivable	55,083	13,332
Other receivables	29,868	315,654
Prepayments	165,488	358,919
	<u>250,439</u>	<u>687,905</u>

13 Cash and cash equivalents

	2021 £	2020 £
Cash and cash equivalents	586,715	376,747

The company's exposure to interest rate risk, currency risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 18.

14 Amount due to related parties

Amounts owing to other members of The Travel Corporation group, which are unsecured, non-interest bearing, and payable on demand are:

	2021 £	2020 £
<i>Group companies</i>		
Insight Travel Services Limited	1,819,610	2,027,335
Trafalgar Tours International Limited	-	1,739
Trafalgar Tours Limited	355,113	265,510
Insight Travel Group Limited	5,587	5,587
AAT King's (UK) Limited	395,190	-
No Limits Limited	60,747	-
Trafalgar Retail Travel Limited	197,803	198,863
Radical Travel Group Limited	14,548	14,500
Tracoin Services Limited	284,865	5,128
Chesterfield (Mayfair) Limited	62,779	62,779
BBar Restaurant Limited	102,755	102,755
Montague Management Services Limited	105,564	105,564
Rubens Management Services Limited	648,315	401,354
Milestone Management Services Limited	444,766	444,766
41 Buckingham Palace Road Limited	20,570	20,570
Egerton House Management Limited	53,243	53,243
Summer Lodge Management Limited	97,501	27,495
Acorn Pub Management Services Limited	14,856	14,856
Princess Street Hotel Management Limited	3,964	3,961
Trafalgar Tours International Limited	-	1,739
	<u>4,687,776</u>	<u>3,756,005</u>

The company's exposure to liquidity risk related to amounts due to related parties is disclosed in note 18.

Notes (continued)
(forming part of the financial statements)

15 Trade and other payables

	2021 £	2020 £
Trade payables	118,079	416,739
PAYE and social security	266,152	448,024
Other payables	1,270	63,000
Accrued expenses	43,489	122,712
	<hr/> 428,990 <hr/>	<hr/> 1,050,475 <hr/>

The company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 18.

16 Employee benefits

Pension plans

The company contributes to a group pension scheme. The scheme comprises a defined benefit scheme, which was closed to new members from 1 May 2004 and closed to further accrual from 1 May 2011, and a defined contribution scheme, which was opened on 1 May 2004. The assets of the scheme are held in separate trustee administered funds. The defined benefit group plan is accounted for as a defined contribution scheme as there is no contractual agreement allocating the cost of the scheme, although it is accounted for as a defined benefit scheme by the ultimate controlling party.

The company also contributes to a multi-employer, defined contribution occupational pension scheme for certain employees.

The value of the scheme's assets at 1 May 2019 was £25,230,000 which represented 68% of the present value of past service liability, based on projected pensionable salaries.

To deal with the deficit, the participating employers have agreed to pay deficit contributions of £19,218 per month from July 2020 to July 2021 and £922,488 per annum with effect from 1 August 2021, apart from the year from 1 August 2022 where contributions will be £1,844,976 per annum in order to eliminate the shortfall by 30 November 2030.

During the year ended 31 December 2021 £247,231 was charged against profits in respect of the defined benefit scheme (2020: £283,102) and £344,160 was charged against profits in respect of the defined contribution scheme (2020: £328,228). The contribution paid by the entity has been estimated based on the membership of the scheme at the date that future accrual ceased and adjusted for length of membership of the company if appropriate

The scheme holds 13% (as at the balance sheet date) (2020: 14%) of its invested assets in long-dated gilts, which reduce the scheme's interest-rate risk by approximately 13% (2020: 11%).

Notes (continued)
(forming part of the financial statements)

16 Employee benefits (continued)

Plan assets consist of the following:

	2021 £000	2020 £000
Present value of funded defined benefit obligations	41,163	44,773
Fair value of plan assets	(33,453)	(30,230)
Net liability	7,710	14,543

Movement in the present value of the defined benefit obligation:

	2021 £000	2020 £000
Liability for defined benefit obligations at 1 January	44,773	40,988
Interest cost	572	811
Benefits paid by the plan	(1,502)	(843)
Actuarial (losses) / gains recognised in equity	(2,680)	3,817
Liability for defined benefit obligations at 31 December	41,163	44,773

Movement in fair value of plan assets:

	2021 £000	2020 £000
Fair value of plan assets at 1 January	30,230	27,344
Interest income	387	544
Employer contributions	524	571
Benefits paid by the plan	(1,502)	(843)
Actuarial gains recognised in equity	3,814	2,614
Fair value of plan assets at 31 December	33,453	30,230

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Expense recognised in statement of comprehensive income

	2021 £000	2020 £000
Interest cost	186	267
	186	267

Notes (continued)
(forming part of the financial statements)

16 Employee benefits (continued)

Plan assets consist of the following:

	2021 £000	2020 £000
Equity securities	24,489	22,952
Bonds	5,201	5,672
Property	1,174	1,263
Cash	2,589	343
	33,453	30,230
	2021 £000	2020 £000
Interest credit (on plan assets)	387	544
Actual return on plan assets	4,200	3,157

Actuarial assumptions:

Principal actuarial assumptions at the reporting date (expressed as weighted averages) were as follows:

	2021 %	2020 %
Discount rate	1.9	1.3
Future salary increases	3.7	3.0
Future pension increases on benefits accrued from 1997 to 2008	3.7	3.6
Future pension increases on benefits accrued post 2008	3.1	2.9
Rate of increase on deferred pensions	3.0	2.3
Retail Price Inflation - pre-retirement	3.7	3.0
Retail Price Inflation - post-retirement	3.3	3.0
Consumer Price Inflation - pre-retirement	3.0	2.3

No adjustments have been made to the mortality assumption at year end to reflect the potential effects of COVID-19 as we believe it is unlikely to provide a reliable indicator of future experience.

History of plans

The history of the plans for the current and prior periods is as follows:

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Present value of the defined benefit obligation	(41,163)	(44,773)	(40,988)	(36,468)	(44,689)
Fair value of plan assets	33,453	30,230	27,344	22,651	27,331
Deficit in the plan	(7,710)	(14,543)	(13,644)	(13,817)	(17,358)
Experience adjustments on plan liabilities	(0.5%)	1.3%	1.6%	1.4%	2.5%
Experience adjustments on plan assets	11.4%	8.6%	14.1%	(8.0%)	5.5%

Notes (continued)
(forming part of the financial statements)

17 Share capital

			2021 £	2020 £
<i>Authorised</i>				
100 Ordinary shares of £1 each			100	100
	No	2021	No	2020
		£		No
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2	2	2	2

18 Financial risk management objectives and policies

The company holds or issues financial instruments in order to achieve three main objectives, as follows:

- a) to finance its operations;
- b) to manage its exposure to interest risk from its operations and from its sources of finance; and
- c) for trading purposes.

In additions, various financial instruments (e.g. trade receivables, trade payables, accrued expenses and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk.

The company has no significant concentrations of credit risk. The directors consider that the amounts owing from related parties are fully recoverable given the financial strength of the wider group to which the company belongs.

Amounts shown in the statement of financial position best represent the maximum credit risk exposure in the event of other parties failing to perform their obligations under financial instruments. The maximum exposure at the reporting date was:

	2021 £	2020 £
Amounts due from related parties	14,738,865	13,277,633
Cash and cash equivalents	586,715	376,747
	15,325,580	13,654,380

Liquidity risk

The company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. There are no long-term borrowings.

Trade payables of £118,079 (2020: £416,739) are payable within six months or less from the year end.

Related party payables of £ 4,687,776 (2020: £3,756,005) are due within one year.

Notes (continued)
(forming part of the financial statements)

18 Financial risk management objectives and policies (continued)

Interest rate risk

The company invests its cash in a range of cash deposit accounts with UK banks. Interest earned therefore closely follows movements in the Bank of England base rates. A movement of 1% in this rate would result in a difference in annual pre-tax profit of £5,867 based on company cash, cash equivalents and financial instruments at 31 December 2021.

Currency risk

Exposure to currency risk:

The company's exposure to foreign currency risk is negligible.

Fair value

The directors are of the opinion that the carrying value of financial instruments approximates fair value.

Trade and other receivables are valued at amortised cost. Impairment losses are estimated at year end by reviewing amounts outstanding and assessing the likelihood of recoverability.

19 Loans and borrowings

Non-current liabilities	2021 £	2020 £
Lease liabilities	873,317	1,453,021
	<u>873,317</u>	<u>1,453,021</u>
Current liabilities		
Lease liabilities	488,457	788,605
	<u>488,457</u>	<u>788,605</u>

Notes (continued)
(forming part of the financial statements)

20 Related party transactions

During the year the company received services from other members of the group as follows:

	2021 £	2020 £
<i>Within administrative expenses</i>		
<i>Rentals</i>		
No Limits Limited	337,500	112,500
<i>Management fees</i>		
Insight Travel Services Limited	64,349	79,372
Radical Travel Group Limited	30,596	24,296
Contiki Services Limited	-	4,765
<i>Tax relief paid</i>		
41 Buckingham Palace Road Limited	-	20,570
The Chesterfield Mayfair Limited	-	62,779
Milestone Management Services Limited	-	444,766
Montague Management Services Limited	-	105,564
Rubens Management Services Limited	-	401,354
Acorn Pub Management Services Limited	-	14,856
Egerton House Management Services Limited	-	53,243
BBar Restaurant Limited	-	102,755
Summer Lodge Management Limited	-	27,495
Princes Street Hotel Management Limited	-	3,964
Radical Travel Group Limited	-	9,111

During the year the company provided services to other members of the group as follows:

	2021 £	2020 £
<i>Management fees</i>		
TTC Travel Group Limited	11,860,842	13,038,429
Mountbatten Limited	47,500	25,598
Travel Corporation Asia (UK) Limited	-	104,884
No Limits Limited	-	15,936
Tracoin Services Limited	-	48,657
	11,908,342	13,233,504

During the year the key management personnel compensation (including directors) is as follows:

	2021 £	2020 £
Key management emoluments including social security	-	110,729

Details of the company's immediate parent and of the ultimate controlling party are included in note 23.

Notes (continued)
(forming part of the financial statements)

21 Leases (IFRS 16)

Right of use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment:

	Leasehold property £	Total £
Balance at 1 January 2020	2,941,815	2,941,815
Depreciation charge for the year	(822,787)	(822,787)
Effects of changes to lease agreements	(50,191)	(50,191)
	<hr/>	<hr/>
Balance at 31 December 2020	2,068,837	2,068,837
	<hr/>	<hr/>
Balance at 1 January 2021	2,068,837	2,068,837
Depreciation charge for the year	(624,919)	(624,919)
Effects of changes to lease agreements	(174,653)	(174,653)
	<hr/>	<hr/>
Balance at 31 December 2021	1,269,265	1,269,265
	<hr/>	<hr/>

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2021 £	2020 £
Leases under IFRS 16		
Interest expense on lease liabilities	29,369	44,395
	<hr/>	<hr/>

22 Guarantor commitments

The company is acting as guarantor in respect of a lease, ending 30 September 2028, undertaken by a fellow subsidiary, Evan Evans Tours Limited, guaranteeing that the tenant Evan Evans Tours Limited will comply with its obligations under the lease.

The principal obligations of the tenant are to pay an annual basic rent of £63,000 plus maintenance costs to the landlord, and account for all rates and taxes which fall due in respect of the property.

No liabilities are expected to arise under the guarantee, and no liabilities have been recognised in these financial statements.

23 Ultimate parent company and parent company of larger group

The company's ultimate parent undertaking is The Travel Corporation Limited, a company incorporated in the British Virgin Islands.

The largest group in which the results of the company are consolidated is that headed by The Travel Corporation Limited, a company incorporated in the British Virgin Islands. The financial statements of this company are not available to the public. The smallest group in which they are consolidated is that headed by Trafalgar Retail Travel Limited, a company registered in England and Wales. Copies of the consolidated financial statements of Trafalgar Retail Travel Limited are available to the public from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.