

Superbreak Mini-Holidays Limited

**Annual Report and Financial Statements
for the year ended 31 March 2016**

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ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2016

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

N. Bali	(resigned 06/04/2016)
T.W. May	(resigned 06/04/2016)
D.L. Neylon	
I.D. Anderson	(resigned 16/09/2015)
J.L. Atkins	
P.R. Richards	(resigned 24/07/2015)
A.P. Menon	(resigned 06/04/2016)
A. Goenka	
S. Jarvis	(appointed 05/07/2015)
A.A.P. Kerkar	(appointed 31/03/2016)
H.C. Kimber	(appointed 31/03/2016)
A. Rodger	(appointed 31/03/2016)
T. Wadhams	(appointed 31/03/2016)

COMPANY SECRETARY

Miss D Cullen

REGISTERED OFFICE

Eboracum Way
Heworth Green
York
Yorkshire
YO31 7RE

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

STRATEGIC REPORT
For the year ended 31 March 2016

The Directors, in preparing this strategic report have complied with section 414c of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be that of a tour and travel operator.

STRATEGIC AND OPERATIONAL REVIEW

The Company's reported results for the comparative period were for the year ended 31 March 2015. The current period results reflect the year ended 31 March 2016.

On the 30 March 2016 the Company was sold by Holidaybreak Limited and the entire share capital was acquired by the Company's immediate parent company, Malvern Travel Limited, a Company incorporated in England and Wales. Following the sale of the Company to Malvern Travel Limited; the Company disposed (see note 13) of the entire share capital of its investment in Business Reservations Centre Holland Holding B.V. to Holidaybreak Limited on the 30 March 2016 for a total consideration of £7,610,486, generating a profit on disposal of £661,171. Business Reservations Centre Holland is a company incorporated in Holland and its principal activity is that of a tour and travel operator. Malvern Travel Limited is a fully owned UK subsidiary of Malvern Enterprise UK Limited, a company incorporated in England and Wales. Malvern Enterprise UK Limited's ultimate controlling party is Adiuvat Investment fund by virtue of its 51% shareholding in Malvern Enterprise UK Limited. Further information about the ultimate controlling party can be found in note 24. The remaining 49% shareholding in Malvern Enterprise UK Limited is held by Cox & Kings Limited. Copies of Cox & Kings Limited's consolidated financial statements can be obtained from the Company Secretary at 1st Floor, Turner Morrison Building, 16 Bank Street, Fort, Mumbai-400 001.

The performance of the Company which primarily provides short-break holidays in the UK and overseas reflects a continuing difficult trading environment. Total turnover was £75,838,949 (2015: £76,606,060), a marginal decrease over FY15. Various terrorism incidents along with major flood damage across the North West impacted intake turnover throughout the year in key destinations preventing the Company from recording a growth over previous year. Admin expenses increased primarily due to increased staff related costs and marketing costs to drive the change in core strategy to a flexible packaging experiential short break specialist.

The net asset position of the Company increased from £17,671,206 in 2015 to £17,749,745 in 2016. This is a result of the profit for the financial year of £2,001,616, offset by a dividend paid of £1,923,077.

FUTURE PROSPECTS

Forward bookings for the next financial year are in line with expectations. The Company is focusing on IT initiatives to continue to pursue the market opportunities in short break flexible packaging. Product development activities will continue to allow growth in experiential packaging and in new upcoming destinations. The expansion of the overseas programme into more countries helps diversify the risk away from being a UK and Republic of Ireland tour operator.

SUBSEQUENT EVENTS

There have been no significant events since the Balance sheet date.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a number of financial risks, including cash flow risk, credit risk and liquidity risk.

Cash Flow risk

The Company manages its cash flow risk through an Intercompany agreement with Malvern Travel Limited. Malvern Travel Limited is a fully owned UK subsidiary of Malvern Travel Enterprise Limited. The Shareholder of Malvern Travel Enterprise Limited has further offered unconditional support to the Company if needed.

Credit Risk

The Company's principal financial assets are cash and trade debtors. Given the large number of high volume, low value debtor balances spread across a diverse portfolio, this is not deemed a significant risk of the Company.

Liquidity risk

This is managed through daily and weekly cash forecasting. The Shareholder of Malvern Travel Enterprise Limited has further offered unconditional support to the Company if needed.

STRATEGIC REPORT (continued)

For the year ended 31 March 2016

KEY PERFORMANCE INDICATORS

The following key performance indicators are used by the directors to monitor the performance of the Company.

	Key performance indicator (KPI)	12 months to 31/03/16	12 months to 31/03/2015
1	Turnover per customer (£)	£130	£124
2	Turnover per booking (£)	£315	£297
3	Percentage of total direct bookings that are made over the internet	69%	66%
4	Percentage of total direct bookings that are repeat customers	35%	37%
5	Sickness/ absenteeism rate	1.5%	1.3%
6	CO ₂ emissions generated by energy consumption (tonnes)	252	286

1) Turnover per customer / 2) Turnover per booking

Turnover per customer is the turnover divided by the number of customers travelling in the period. Turnover per booking is the turnover divided by the number of bookings travelling in the period. Average booking values have grown in the year due to focusing on the growth of packaging compared to hotel only sales. More value added and experiential offers are available to customers which gives the customers more reasons to travel.

3) Percentage of total direct bookings made over the internet

Direct bookings are those made by customers directly with Superbreak by telephone or online. Due to the improvements in technology more product has become available online which in turn has allowed direct customers to book online rather than booking by phone.

4) Percentage of total direct bookings that are repeat customers

Repeat business is calculated by comparing customer details for direct bookings and identifying those customers who have booked with Superbreak previously. Repeat business has fallen slightly in the year and is being addressed in the coming year via an improved CRM system.

5) Sickness / absenteeism rate

Sickness / absenteeism is calculated by dividing the number of sick / absent days by the total number of available working days. Sickness has risen slightly in the year due to a number of staff with long term sickness over the first half of the financial year.

6) CO₂ emissions

CO₂ emissions are calculated based on CO₂ usage and on a formula that multiplies KWh (electricity) or KWh / Therms (gas) by specified conversion factors to give Kg of CO₂ emissions. CO₂ emissions have fallen due to improvements in the energy efficiency of the lighting in the offices along with changes to the air conditioning.

There are no changes in the KPI calculations between current year and prior year.

STRATEGIC REPORT (continued)
For the year ended 31 March 2016

PRINCIPAL RISKS AND UNCERTAINTIES

We regularly review the risks faced by the Company, including the social, environmental and ethical risks. The directors consider the major risks to delivering the Company's strategy are those set out below. The directors recognise that the profile of risks changes constantly and additional risks not presently known, or that are currently deemed immaterial, may also impact on delivery of the Company's strategy.

The principal risks and uncertainties are:

Key risk	Impact	Mitigation strategy
EXTERNAL		
<i>Economic and financial conditions across markets</i>	<ul style="list-style-type: none"> • A prolonged economic downturn in one or more countries significant to our businesses may lead to a reduction in levels of demand for our products and thereby impact Superbreak's earnings and financial position. • Impact of Brexit is an unknown quantity on the future economic position of the UK and European market. The immediate impact is on the weakening of the pound. 	<ul style="list-style-type: none"> • The Company's strategic focus continues to be flexible packaging and expansion of its product offering, through an increased product range and number of distribution channels. • The expansion of the overseas programme into more countries both inside and outside of Europe helps diversify the risk away from being a UK and ROI tour operator. • Our sales mix and channel mix provides us with some trading resilience. • Closely monitor position as full impact established. System exchange rates are aligned with market rates to mitigate significant gains or losses.
<i>Foreign exchange</i>	<ul style="list-style-type: none"> • Fluctuating exchange rates will have financial implications for Superbreak (both transaction and translation) and could affect the selling price of holidays and therefore impact the consumer demand for some of our products and services. 	<ul style="list-style-type: none"> • Euro forward contracts held at 75% of annual forecast liability. Liability is monitored closely. • Amounts required now bought in tranches in order to reduce over/under purchase.
<i>Major external events or force majeure</i>	<ul style="list-style-type: none"> • Most of the business is exposed to external events. A major terrorist (or similar) incident in key destinations such as London or Paris could have a significant impact on Superbreak. 	<ul style="list-style-type: none"> • Whilst our business has crisis management procedures in place to handle any external incidents to ensure any disruption is kept to a minimum, such events could impact trading or the ability to deliver our products. Our businesses offer a range of products across different destinations to reduce the reliance on a particular market. • The business has experienced a number of such events over the last financial year which has impacted trading. The diversity of the product range has demonstrated a robustness to offset turnover losses is one particular destination or for one particular product by replacing with another.
<i>Consumer demand</i>	<ul style="list-style-type: none"> • A change in consumer spending could impact demand levels 	<ul style="list-style-type: none"> • We carefully track any changes to consumer tastes through customer insight teams/focus groups and adapt our product offering as necessary.
INTERNAL		
<i>Liquidity risk</i>	<ul style="list-style-type: none"> • The risk that trading underperformance, increased cost of debt and inefficient treasury management could lead to a reduction in liquidity. 	<ul style="list-style-type: none"> • Superbreak manages liquidity risk through continuous monitoring of actual and forecast cash flows and maximising the working capital position. Superbreak have strategies in place for working capital management, capital expenditure reduction and stringent cost control.

STRATEGIC REPORT (continued)
For the year ended 31 March 2016

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

INTERNAL (continued)		
Health, safety & security	<ul style="list-style-type: none"> • The risk that the Company fails to manage health, safety and security issues leading to significant financial and operational costs. 	<ul style="list-style-type: none"> • Our business is committed to ensuring the highest standards of health, safety and security in its operations and monitors and conducts regular audits when appropriate. Monthly health & safety committee meetings are held and reports are produced. Any issues noted as significant are considered at the Meeting of Directors.
Failure to attract, retain and motivate key employees	<ul style="list-style-type: none"> • Our ability to provide high-quality products and services on a timely basis depends to a significant extent on having an adequate number of qualified employees. Accordingly, Superbreak's ability to increase its productivity and profitability and support its growth strategies may be limited by its ability to employ, train, motivate and retain skilled personnel, which in turn may be hindered by restructurings and cost saving initiatives. 	<ul style="list-style-type: none"> • We believe our training programmes provide the necessary tools to retain and motivate key staff.

EMPLOYEE INVOLVEMENT AND COMMUNICATION

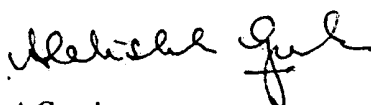
The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, regular briefings, the Company newsletter and circulation of results announcements and important public statements. Employees are consulted regularly on a wide range of matters affecting their current and future interests. Consultation takes place via Heads of Department. Permanent employees are, in the majority of cases, entitled to receive bonuses related to individual or team performance.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The Board would like to express its thanks to management and staff throughout the Group for their continued hard work and commitment and for their expertise and dedication to serving our customers.

The Strategic Report of Superbreak Mini-Holidays Limited, registered number 01674987 was approved by the Board of Directors on 29 July 2016 and signed on its behalf by:



A Goenka
 Director

DIRECTORS' REPORT

For the year ended 31 March 2016

The Directors present the Annual Report and the audited financial statements for the year ended 31 March 2016. Under section 414C (11) of the Companies Act 2006 the Directors have opted to disclose information regarding principal risks and uncertainties, financial risk management policies and future developments in the Strategic Report.

DIVIDENDS

A final dividend of £1,923,077 was paid during the period (2015: £nil).

GOING CONCERN

The financial statements have been prepared on a going concern basis. Further details on the basis of preparation are given in note 1 to the financial statements.

DIRECTORS

The following were Directors of the Company during the year and thereafter to the date of signing these financial statements:

N. Bali	(resigned 06/04/2016)
T.W. May	(resigned 06/04/2016)
D.L. Neylon	
I.D. Anderson	(resigned 16/09/2015)
J.L. Atkins	
P.R. Richards	(resigned 24/07/2015)
A.P. Menon	(resigned 06/04/2016)
A. Goenka	
S. Jarvis	(appointed 05/07/2015)
A.A.P. Kerkar	(appointed 31/03/2016)
H.C. Kimber	(appointed 31/03/2016)
A. Rodger	(appointed 31/03/2016)
T. Wadhams	(appointed 31/03/2016)

DIRECTOR INDEMNITIES

The Directors of the Company hold a qualifying indemnity provision with a third party which was in force at the end of the year.

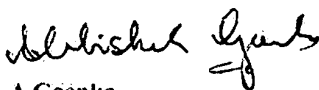
AUDITOR

Each person who is a director at the date of approval of this report and financial statements confirms that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. Deloitte LLP have expressed their willingness to continue in office and, in accordance with the Companies Act 2006, their re-appointment will be proposed at the Annual General Meeting.

Approved and authorised for issue by the board of directors and signed on their behalf by:



A Goenka

Director

29 July 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUPERBREAK MINI-HOLIDAYS LIMITED

We have audited the financial statements of Superbreak Mini-Holidays Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the Company's 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 in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUPERBREAK MINI-HOLIDAYS LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Timothy Edge (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
29 July 2016

Superbreak Mini-Holidays Limited

PROFIT AND LOSS ACCOUNT For the year ended 31 March 2016

	Note	2016 £	2015 £
Turnover	3	75,838,949	76,606,060
Cost of sales		(61,700,273)	(63,118,851)
Gross profit		14,138,676	13,487,209
Administrative expenses		(12,600,192)	(10,697,292)
Exceptional impairment of investments		-	(3,199,007)
Restructuring costs		(116,804)	-
Operating profit		1,421,680	(409,090)
Gain on disposal of subsidiary undertaking	13	661,171	-
Investment turnover	7	1,923,679	787
Interest payable and similar charges	8	(664,559)	(1,014,195)
Foreign exchange (loss) / gain		(1,186,554)	3,350,880
Profit on ordinary activities before tax		2,155,417	1,928,382
Tax on profit on ordinary activities	9	(153,801)	1,053,071
Profit for the financial year	4	2,001,616	2,981,453

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

Turnover and operating profit are all derived from continuing operations.

The Company has no other income or expense other than the profit for the financial year and for the preceding year as shown above. Accordingly, no statement of comprehensive income has been presented.

Superbreak Mini-Holidays Limited

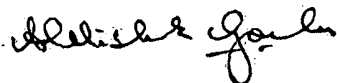
BALANCE SHEET

As at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	2,937,650	2,486,576
Tangible assets	12	394,503	434,619
Investments	14	-	6,949,315
		<u>3,332,153</u>	<u>9,870,510</u>
Current assets			
Stocks	15	120,317	322,412
Debtors	16	33,772,449	58,631,444
Cash at bank and in hand		7,570,337	1,869,714
		<u>41,463,103</u>	<u>60,823,570</u>
Creditors: Amounts falling due within one year	17	(27,045,511)	(28,688,100)
Net current assets		<u>14,417,592</u>	<u>32,135,470</u>
Total assets less current liabilities		<u>17,749,745</u>	<u>42,005,980</u>
Creditors: Amounts falling due after more than one year	18	-	(24,334,774)
Net assets		<u>17,749,745</u>	<u>17,671,206</u>
Capital and reserves			
Called up share capital	22	50,000	50,000
Profit and loss account		17,699,745	17,621,206
Shareholder Funds'		<u>17,749,745</u>	<u>17,671,206</u>

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

The financial statements of Superbreak Mini-Holidays Limited (registered number 01674987) were approved by the board of Directors and authorised for issue on 29 July 2016. They were signed on its behalf by:



A Goenka

Director

Superbreak Mini-Holidays Limited

STATEMENT OF CHANGES IN EQUITY For the year ended 31 March 2016

	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2014 as per old UK GAAP	50,000	14,806,745	14,856,745
Adjustments (see note 25)	-	(166,992)	(166,992)
Balance at 1 April 2014	50,000	14,639,753	14,689,753
Profit for the financial year	-	2,981,453	2,981,453
Balance at 31 March 2015	50,000	17,621,206	17,671,206
Profit for the financial year	-	2,001,616	2,001,616
Dividends paid	-	(1,923,077)	(1,923,077)
Balance at 31 March 2016	50,000	17,699,745	17,749,745

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

NOTES TO FINANCIAL STATEMENTS
For the year ended 31 March 2016

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

General Information

Superbreak Mini-Holidays Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Eboracum Way, Heworth Green, York, Yorkshire, YO31 7RE.

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

The nature of the Company's operations and its principal activities are set out in the Strategic Report.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of an intermediate parent company, Malvern Enterprise UK Limited.

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

Adoption of new and revised standards

In the current year, the Company has adopted the following new standards and interpretations:

- IFRIC 21 Levies: The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements as no government imposed levy has been imposed.
- Annual Improvements to IFRSs: 2011-2013: The Company has adopted the various amendments to a number of standards. IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property. The majority of the amendments are in the nature of clarifications rather than substantive changes to existing requirements and only IFRS 13 applies to the Company.

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 and has, in doing so, applied the requirements of IFRS 1 and related appendices. These financial statements have been prepared in accordance with FRS 101.

The prior year financial statements were restated for material adjustments on adoption of FRS 101 in the current year. For more information see note 25.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the group accounts of Malvern Enterprise UK Limited. For more information see note 24. Furthermore, the Company has also taken the exemption from the requirement to present an opening balance sheet.

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.

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

1. ACCOUNTING POLICIES (CONTINUED)

Basis of accounting (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. 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.

Going concern

The Directors are fully aware of their duty to assess the Company's going concern status and have attended to this with particular care in consideration of the current economic and industry outlook. As explained in the Strategic Report and Note 24, since the 30 March 2016 the Company's immediate parent company is Malvern Travel Limited, a subsidiary of Malvern Enterprise UK Limited (together known as "Malvern Group"). The Malvern Group has access to long term external funding facilities which are made available to the Company in order to provide sufficient liquidity for the Company to meet its financial liabilities and meet day-to-day cash requirements. Furthermore, the Directors have received a letter of support from Malvern Enterprise UK Limited's Shareholder confirming its intention to provide financial support to the Company if needed.

Having considered the Company's forecast and projections for a period of at least twelve months from the signing of the financial statements and the available facilities to the Malvern Group, as well as the ability of the Shareholder to provide financial support should it be needed, the Directors have concluded that the Company has adequate external resources to meet its liabilities for the foreseeable future and therefore the financial statements have been prepared on a going concern basis.

Intangible assets

Intangible assets related to internally generated intangible assets for website and mobile application development expenditure. Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the Company's website and mobile application development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the profit and loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which is 20% straight-line. 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.

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

De-recognition 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 de-recognition 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.

Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation 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:

Leasehold improvements	Term of lease
Fixtures and fittings	25% per annum
Computer hardware	20% per annum

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

Investments

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

Impairment of tangible and intangible assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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.

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

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.

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.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

De-recognition 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 de-recognition 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.

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

1. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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.

Financial liabilities

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

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

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

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.

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.

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the average monthly 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.

Turnover recognition

Turnover represents the amounts receivable in the normal course of business for holidays sold, excluding VAT, together with commission's receivable for ancillary services. Turnover received prior to the year end in respect of services to be rendered in the following year is deferred to the following year.

The turnover and pre-tax profit is wholly attributable to the business of tour and travel operations and arose in the UK. Turnover and expenses relating to holidays are taken to the Profit and loss account on holiday departure.

Dividend income

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of turnover can be measured reliably).

Leases

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. 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.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Stock

Stock represents show and travel tickets held by the Company for resale. Stock is valued at the lower of cost and net realisable value, after making due allowances for slow moving and obsolete items.

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

2. CRITICAL ACCOUNTING JUDGEMENT & KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, 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.

Critical judgement in applying the Company's accounting policies

The following is an area of critical judgement, including an area which contains key sources of estimation that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Recoverability of internally-generated intangible asset

During the year, management considered the recoverability of its internally-generated intangible asset of software and website development which is included in its balance sheet at £2.9 million (2015: £2.5 million). The various key projects continue to progress in a very satisfactory manner, and customer reaction has reconfirmed management's previous estimates of anticipated turnovers from the project.

However, increased competitor activity has caused management to reconsider its assumptions regarding future market shares and anticipated margins on these projects. Detailed sensitivity analysis has been carried out and management is confident that the carried forward carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

3. TURNOVER

	2016 £	2015 £
United Kingdom	75,821,920	76,606,060
Europe and Rest of World	17,029	-
	<u>75,838,949</u>	<u>76,606,060</u>

Presented above is Turnover analysed by geographical location (source market). Turnover is wholly attributable to the principal activity of the Company noted in the Strategic Report.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2016 £	2015 £
Net foreign exchange losses / (gains)	1,186,554	(3,350,880)
Depreciation of tangible fixed assets	105,225	89,595
Amortisation of internally-generated intangible assets included in administrative expenses	792,955	649,924
Cost of inventories recognised as an expense in the year	8,811,490	8,977,154
Restructuring costs	116,804	-
Staff costs (see note 6)	4,273,109	3,721,708
Exceptional impairment of investments	-	3,199,007
	<u></u>	<u></u>

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

5. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £29,500 (2015: £33,900).

6. STAFF COSTS

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

	2016 Number	2015 Number
Operations, sales and marketing	171	152
Finance	10	9
	<u>181</u>	<u>161</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	3,659,683	3,218,397
Social security costs	318,851	305,629
Other pension costs	294,575	197,682
	<u>4,273,109</u>	<u>3,721,708</u>

The Directors' remuneration, analysed under the headings required by Company law is set out below.

	2016 £	2015 £
Directors' remuneration		
Emoluments	534,512	375,545
Company contributions to money purchase pension schemes	82,490	38,116
Compensation for loss of office	36,200	-
	<u>653,202</u>	<u>413,661</u>

	Number	Number
The number of Directors' who:		
Are members of a money purchase pension scheme	<u>5</u>	<u>3</u>

	2016 £	2015 £
Remuneration of the highest paid director:		
Emoluments	145,225	128,345
Company contributions to money purchase schemes	<u>62,916</u>	<u>12,916</u>

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

7. INVESTMENT TURNOVER

	2016 £	2015 £
Interest receivable:		
Bank deposits	602	787
	<u>602</u>	<u>787</u>
Total interest receivable	602	787
Dividends received	1,923,077	-
	<u>1,923,679</u>	<u>787</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Interest payable on bank overdrafts and loans	664,559	1,014,195
	<u>664,559</u>	<u>1,014,195</u>

9. TAX

	2016 £	2015 £
Current tax:		
UK corporation tax	160,251	493,938
Adjustments in respect of prior years	-	(1,438,882)
	<u>160,251</u>	<u>(944,944)</u>
Total current tax	160,251	(944,944)
Deferred tax:		
- Origination and reversal of temporary difference	-	(98,330)
- Effect of change in corporation tax rates	32,222	4,681
- Adjustment in respect of prior years	(25,354)	(14,478)
- Current year	(13,318)	-
	<u>(6,450)</u>	<u>(108,127)</u>
Total deferred tax	(6,450)	(108,127)
	<u>153,801</u>	<u>(1,053,071)</u>
Tax charge / (credit) per profit and loss account	153,801	(1,053,071)

Finance Act 2015 (No.2), which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. Accordingly, deferred tax balances have been revalued to the lower rate of 18% in these financial statement which has resulted in a charge to the profit and loss account of £32,222. To the extent that the deferred tax reverses before 1 April 2020 then the impact on the net deferred tax asset will be reduced. The tax charge in the prior accounting period was based on a tax rate from the 1 April 2015 of 20%. The changes in the current year are as a result of the enactment of the Finance Act 2015 (No.2).

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

9. TAX (continued)

The charge / (credit) for the year can be reconciled to the profit and loss account as follows:

	2016 £	2015 £
Profit on ordinary activities before taxation	2,155,417	1,928,382
Profit on ordinary activities at standard UK corporation tax rate of 20% (2015: 21%)	431,083	404,960
Effects of:		
Expenses not deductible for tax purposes	100,465	694,395
Income not taxable	(384,615)	(703,747)
Tax rate changes	32,222	-
Effect of change in corporation tax rates	-	4,681
Adjustment to tax charge in respect of prior years	(25,354)	(1,453,360)
Total tax	153,801	(1,053,071)

10. DIVIDENDS

	2016 £	2015 £
Final dividend for the year ended 31 March 2016 (equivalent to 3p per share)	1,923,077	-

11. INTANGIBLE ASSETS

	Development Costs £
Cost	
At 1 April 2015	5,945,700
Additions	1,244,029
At 31 March 2016	7,189,729
Amortisation	
At 1 April 2015	3,459,124
Charge for the year	792,955
At 31 March 2016	4,252,079
Net book value	
At 31 March 2016	2,937,650
At 31 March 2015	2,486,576

The amortisation period for development costs incurred on the Company's internal software and website development is 5 years. Website development costs were classified as tangible fixed assets (see note 12) under pre-2015 UK GAAP. On transition to FRS 101, these costs have been re-classified and presented as intangible assets.

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

12. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Computer hardware £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 April 2015	413,458	1,073,815	311,805	1,799,078
Additions	-	60,325	4,784	65,109
At 31 March 2016	413,458	1,134,140	316,589	1,864,187
Accumulated depreciation				
At 1 April 2015	185,563	876,621	302,275	1,364,459
Charge for the year	27,564	72,801	4,860	105,225
At 31 March 2016	213,127	949,422	307,135	1,469,684
Carrying amount				
At 31 March 2016	200,331	184,718	9,454	394,503
At 31 March 2015	227,895	197,194	9,530	434,619

No assets were held under hire purchase agreements (2015: same).

13. DISPOSAL OF SUBSIDIARY UNDERTAKING

	2016 £
Profit on disposal comprised:	
Sales proceeds	7,610,486
Investment disposed (see note 14)	(6,949,315)
Profit on disposal of subsidiary undertaking	661,171
Sales proceeds consisted of:	
Cash settlement	-
Group undertaking settlement (non-cash)	7,610,486
Sales proceeds (above)	7,610,486

The Company disposed of its investment in Business Reservations Centre Holland BV on 30 March 2016, resulting in a gain on disposal of £661,171.

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

14. INVESTMENTS

Subsidiaries

	£
Cost	
At 1 April 2015	28,148,322
Disposals	(28,148,322)
At 31 March 2016	-
Provisions for impairment	
At 1 April 2015	21,199,007
Disposals	(21,199,007)
At 31 March 2016	-
Carrying amount	
At 31 March 2016	-
At 31 March 2015	6,949,315

15. STOCKS

	2016 £	2015 £
Goods for resale	120,317	322,412

There is no material difference between the balance sheet value of stocks and their replacement cost.

16. DEBTORS

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,390,174	8,128,230
Amounts owed by group undertakings	19,410,253	46,630,792
VAT debtors	448,672	-
Corporation tax debtor	-	941,612
Deferred tax asset (note 20)	289,989	283,539
Other debtors	41,654	20,942
Prepayments and accrued income	12,191,707	2,626,329
	33,772,449	58,631,444

The average credit period is 30 days (2015: 30 days). Trade debtors are provided for based on estimated irrecoverable amounts from the sale of hotel booking commission, determined by reference to past default experience.

Amounts owed by Group undertakings are unsecured, interest free and have no fixed date of repayment (2015: same).

Concentrations of credit risk with respect to trade debtors are limited due to the Company's customer base being large and unrelated. Due to this, the Directors believe there is no further credit risk provision required in excess of normal doubtful debtors.

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

16. DEBTORS (continued)

Movement in the allowance for doubtful debts

	2016 £	2015 £
Balance at beginning of year	142,272	68,054
Amounts written off in the year	(23,182)	-
(Decrease)/increase in allowance recognised in income statement	(64,995)	74,223
Balance at end of year	<u>54,095</u>	<u>142,277</u>

In determining the recoverability of the trade debtors, the Company considers any change in the credit quality of the trade debtor from the date credit was initially granted up to the reporting date.

Value of trade debts

	2016 £	2016 %	2015 £	2015 %
Not impaired:				
Neither past due nor impaired	1,117,540	80.4	8,038,283	98.9
Past due up to 3 months but not impaired	91,636	6.6	44,889	0.5
Past due 3 up to 6 months but not impaired	180,998	13.0	45,058	0.6
	<u>1,390,174</u>	<u>100.0</u>	<u>8,128,230</u>	<u>100.0</u>

17. CREDITORS

Amounts falling due within one year

	2016 £	2015 £
Trade creditors	8,558,275	10,412,428
Taxation and social security	108,589	7,030
Amounts owed to group undertakings	-	725,320
Corporation tax	160,251	-
Deferred income	15,184,901	15,710,550
Other creditors	2,351,765	779,779
Accruals	681,730	1,052,993
	<u>27,045,511</u>	<u>28,688,100</u>

The deferred income arises as a result of bookings with a departure date after the year end. The turnover will be recognised at the date of departure.

18. CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Secured borrowing at amortised cost		
Bank loans	<u>-</u>	<u>24,334,774</u>

The bank loan, which had an interest rate of 3.75% was transferred on disposal of the investment. During the year there was a part repayment of £9,927,670 in June 2015.

The borrowings were a mix of variable and fixed interest rate debt with repayment periods not exceeding five years.

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

19. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policy note.

	2016 £	2015 £
Financial assets		
Measured at undiscounted amount receivable		
• Trade and other debtors (see note 16)	20,800,427	54,759,022
Equity instruments measured at cost less impairment		
• Fixed asset investments in unlisted equity instruments (see note 14)	-	6,949,315
	<u>20,800,427</u>	<u>61,708,337</u>
Financial liabilities		
Financial liabilities measured at undiscounted amount payable		
• Trade and other creditors (see note 17)	8,558,275	11,137,748
Financial liabilities measured at amortised cost		
• Bank Loans (see note 18)	-	24,334,774
	<u>8,558,275</u>	<u>35,472,522</u>

20. DEFERRED TAX ASSET

The movement in the deferred tax asset was as follows;

	Accelerated tax depreciation £	Other timing differences £	Total £
At 1 April 2014	148,305	27,107	175,412
Adjustment in respect of prior years	-	14,478	14,478
Credited to profit or loss	86,077	7,572	93,649
At 31 March 2015	<u>234,382</u>	<u>49,157</u>	<u>283,539</u>
Adjustment in respect of prior years	-	25,354	25,354
Credited / (charged) to profit or loss	18,300	(37,204)	(18,904)
At 31 March 2016	<u>252,682</u>	<u>37,307</u>	<u>289,989</u>

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

21. OPERATING LEASE ARRANGEMENTS

The Company as lessee

	2016 £	2015 £
Lease payments under operating leases recognised as an expense in the year	384,092	400,626

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

	2016 £	2015 £
Within one year	376,120	392,655
In the second to fifth years inclusive	1,351,968	1,286,046
After five years	576,460	864,690
	<u>2,304,548</u>	<u>2,543,391</u>

Operating lease payments represent rentals payable by the Company for certain of its office properties and company cars. The office properties are currently under 15 year leases expiring in 2022. The leases on company cars are on an average of 4 year contracts.

22. SHARE CAPITAL

Authorised, issued and fully paid:

500,000 ordinary shares of £0.10 each	50,000	50,000
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23. RELATED PARTY TRANSACTIONS

Transactions with Group undertakings

The Company has taken advantage of the reduced disclosure exemption available in FRS 101 to disclose transactions entered into between the Company and other fully owned subsidiaries of Malvern Enterprise UK Limited.

Transactions with related parties

During the current and prior year, the Company entered into the following trading transactions with related parties:

	Sale of goods		Purchase of goods	
	2016 £	2015 £	2016 £	2015 £
Cox & Kings UK Ltd	6,111	8,829	2,096,889	1,167,751
Cox & Kings India Ltd	1,510	25,789	9,768	-
Tempo Holidays Pty Ltd	11,100	-	-	-
Ezeego One Travel and Tours Ltd	-	-	98,563	107,601
Total	<u>18,721</u>	<u>34,618</u>	<u>2,205,220</u>	<u>1,275,352</u>

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

23. RELATED PARTY TRANSACTIONS (CONTINUED)

The following amounts included in trade debtors (owed by) and trade creditors (owed to) were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	2016	2015	2016	2015
	£	£	£	£
Cox & Kings UK Ltd	-	-	189,038	257,377
Cox & Kings India Ltd	-	-	1,497	3,118
Ezeego One Travel and Tours Ltd	-	-	7,996	25,505
Business reservations centre Holland Holding BV	129,510	-	779	-
Meininger Amsterdam B.V.	-	-	4,823	-
Total	129,510	-	204,133	286,000

24. ULTIMATE PARENT COMPANY

The Company's intermediate parent company is Malvern Travel Limited, a company incorporated in England and Wales. Malvern Travel Limited is a fully owned UK subsidiary of Malvern Enterprise UK Limited, a company incorporated in England and Wales. Malvern Enterprise UK Limited is the smallest Group in which the results of the Company are consolidated.

Malvern Enterprise UK Limited's ultimate controlling party is Adiuvat Investment fund by virtue of its 51% shareholding in Malvern Enterprise UK Limited. Adiuvat Investment fund (incorporated in Cayman Islands) is the largest Group in which the results of the Company are consolidated. The remaining 49% shareholding in Malvern Enterprise UK Limited is held by Cox & Kings Limited. Copies of Cox & Kings Limited consolidated financial statements can be obtained from the Company Secretary at 1st Floor, Turner Morrison Building, 16 Bank Street, Fort, Mumbai-400 001.

NOTES TO FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2016

25. EXPLANATION OF TRANSITION TO FRS 101

This is the first year that the Company has presented its financial statements under FRS 101. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the year ended 31 March 2015 and the date of transition to FRS 101 was therefore 1 April 2014.

The transition has resulted in certain adjustments which have impacted on brought forward retained earnings at the transition date of 1 April 2014 and the comparative profit and loss account for the year ended 31 March 2015 as described below.

The re-stated areas on transition to FRS 101 consist of the following:

Reconciliation of equity

Note		At 1 April 2014 £	At 31 March 2015 £
	Equity reported under previous UK GAAP	14,856,745	17,467,423
	Adjustments to equity on transition to FRS 101		
1	Holiday Pay Accrual	(53,819)	(60,430)
2	Brochure Prepayment	(87,292)	(155,259)
3	Deferred taxation	(25,881)	419,472
	Equity reported under FRS 101	14,689,753	17,671,206

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

Note		£
	Total comprehensive income for the financial year under previous UK GAAP	2,610,678
1	Holiday Pay Accrual	(6,611)
2	Brochure Prepayment	(67,967)
3	Deferred taxation	445,353
	Total comprehensive income for the financial year under FRS 101	2,981,453

Notes

- 1) The Company did not previously make a provision for holiday pay as part of their employment costs.
- 2) The Company previously spread the cost of marketing brochures over the period which the brochure related, which are now recognised at the point the expense is incurred.
- 3) The transition from UK GAAP to FRS 101 has resulted in the recognition of certain deferred tax balances.