Contiki (UK) Holdings Limited

Directors' report and financial statements

Registered number 1955493

31 December 2015

Contents

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2015.

Principal activities

The company is a holding company for two subsidiary undertakings registered in England and Wales. The subsidiary undertakings operate Contiki holidays in the United Kingdom and Ireland and provide advisory and other ancillary services to fellow subsidiary undertakings of the Contiki Tours International Limited group of companies.

As a member of the Contiki Tours International Limited group of companies, the group participates in the financing and organisational arrangements of that group.

A significant part of the group's business is with fellow group undertakings within the Contiki group. Both the level of business and the year-end financial position were satisfactory and the directors expect that the present level of activity will be maintained for the foreseeable future.

Results and dividends

The profit for the year, after taxation, amounted to £544,386 *(2014: £507,831)*. A dividend of £nil was declared in 2015 *(2014: £nil)*.

Financial instruments

Details of the group's financial risk management objectives and policies are included in note 19 to the accounts.

Directors and directors' interests

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

B R Hall
S M Clayton

Political contributions

The company made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director 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.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

E Doughty

E Doughty
Secretary

Wells House
15 Elmfield Road
Bromley
Kent BR1 1LS

17th May 2016

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

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume
- that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Contiki (UK) Holdings Limited

We have audited the financial statements of Contiki (UK) Holdings Limited for the year ended 31 December 2015 set out on pages 5 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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 members of Contiki (UK) Holdings Limited
(continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Will Baker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade, Liverpool, L3 1QH
United Kingdom

19 May 2016

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

	Note	2015	2014
		£	£
Revenue	*1,2*	**7,452,520**	7,139,340
Cost of sales		**(2,665,049)**	(2,466,868)
Gross profit		**4,787,471**	4,672,472
Administrative expenses		**(4,096,737)**	(4,027,708)
Operating profit	*3, 4*	**690,734**	644,764
Finance income		**1,892**	1,771
Finance expense		**-**	(60)
Net financing income	*5*	**1,892**	1,711
Profit before taxation		**692,626**	646,475
Taxation	*6*	**(148,240)**	(138,644)
Profit for the year		**544,386**	507,831
Total comprehensive income for the year		**544,386**	507,831

All results relate to continuing operations.

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

The notes on pages 10 to 25 are an integral part of the financial statements.

Consolidated Statement of Changes in Equity

	Share capital £	Retained earnings £	Total £
At 1 January 2014	200,000	1,179,064	1,379,064
Total comprehensive income for the year	-	507,831	507,831
At 1 January 2015	200,000	1,686,895	1,886,895
Total comprehensive income for the year	-	544,386	544,386
At 31 December 2015	**200,000**	**2,231,281**	**2,431,281**

Company Statement of Changes in Equity

	Share capital £	Retained earnings £	Total £
At 1 January 2014	200,000	-	200,000
Total comprehensive income for the year	-	-	-
At 1 January 2015	200,000	-	200,000
Total comprehensive income for the year	-	-	-
At 31 December 2015	**200,000**	-	**200,000**

The notes on pages 10 to 25 are an integral part of the financial statements.

Consolidated Statement of Financial Position
at 31 December 2015

	Note	2015	2014
		£	£
Non -current assets			
Property, plant and equipment	8	**212,552**	192,679
Deferred tax assets	9	**13,097**	12,546
		225,649	205,225
Current assets			
Inventory	11	**33,369**	71,569
Amounts due from related parties	12	**1,910,973**	1,467,749
Trade and other receivables	13	**317,583**	67,603
Cash and cash equivalents	14	**1,241,007**	1,017,297
		3,502,932	2,624,218
Total assets		**3,728,581**	2,829,443
Current liabilities			
Amounts due to related parties	15	**(767,684)**	(543,520)
Trade and other payables	16	**(384,505)**	(258,392)
Corporation tax payable		**(145,111)**	(140,636)
Total liabilities		**(1,297,300)**	(942,548)
Net assets		**2,431,281**	1,886,895
Equity			
Share capital	18	**200,000**	200,000
Retained earnings	18	**2,231,281**	1,686,895
Total Equity		**2,431,281**	1,886,895

The notes on pages 10 to 25 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 17|8|2016 and were signed on its behalf by:

B R Hall
Director
Registered company 1955493

Company Statement of Financial Position

at 31 December 2015

	Note	2015 £	2014 £
Non-current assets			
Investments	*10*	**60,000**	60,000
Current assets			
Amounts due from related parties	*12*	**140,000**	140,000
Total assets		**200,000**	200,000
Equity			
Share capital	*18*	**200,000**	200,000
Retained earnings	*18*	**-**	-
Total equity		**200,000**	200,000

The notes on pages 10 to 25 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 17/8 2016 and were signed on its behalf by:

B R Hall
Director
Registered company 1955493

Consolidated Statement of Cash Flows

for the year ended 31 December 2015

	Note	2015 £	2014 £
Cash flows from operating activities			
Total comprehensive income for the year		**544,386**	507,831
Adjustments for:			
Depreciation, amortisation and impairment	8	**55,892**	57,630
Loss on sale of property, plant and equipment		**12,971**	10,189
Financial income	5	**(1,892)**	(1,771)
Finance expense	5	**-**	60
Taxation	6	**148,240**	138,644
Operating profit before changes in working capital and provisions		**759,597**	712,583
(Increase)/decrease in trade and other receivables		**(249,980)**	165,839
Increase in amounts due from related parties		**(443,224)**	(820,945)
Increase/(decrease) in trade and other payables		**126,113**	(55,781)
Increase/(decrease) in amounts due to related parties		**224,164**	(885,327)
Decrease/(increase) in inventories		**38,200**	(18,583)
		454,870	(902,214)
Tax paid		**(144,315)**	(106,813)
Net cash generated/(used in) in operating activities		**310,555**	(1,009,027)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**317**	1,991
Interest received		**1,892**	1,771
Interest paid		**-**	(60)
Acquisition of property, plant and equipment		**(89,054)**	(101,786)
Net cash used in investing activities		**(86,845)**	(98,084)
Net increase/(decrease) in cash and cash equivalents		**223,710**	(1,107,111)
Cash and cash equivalents at 1 January	14	**1,017,297**	2,124,408
Cash and cash equivalents at 31 December	14	**1,241,007**	1,017,297

A company cash flow statement has not been presented as the company has not entered into any transactions in the year.

The notes on pages 10 to 25 are in integral part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Contiki (UK) Holdings Limited (the "company") is a company incorporated and domiciled in the UK. The address of the company's registered office is Wells House, 15 Elmfield Road, Bromley, Kent, BR1 1LS. The group financial statements consolidate those of the company and its subsidiaries (together referred to as the "group"). The parent company financial statements present information about the company as a separate entity and not about its group.

Basis of preparation

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent company financial statements here together with the group financial statements, the company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of total comprehensive income and related notes that form a part of these approved financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going Concern

The group's principal business activities are set out in the Directors' report on page 1. Note 19 to the financial statements include details of the group's financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The group has considerable financial resources, and continues to run tours that are profit making. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Directors do not consider there to be any significant areas of estimation uncertainty in relation to these financial statement. Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements relate to revenue recognition. For tour revenue, the Directors have made the judgement to recognise revenue in full on the departure date of the tour. This policy also applies to cancellation revenue, which is not recognised until the departure date. One of the companies in the group is a Management Services company, which recharges its cost to other group companies. The Directors have made judgements to determine how the costs are invoiced between the different group companies.

Revenue

Revenue represents the income earned from Contiki holidays in Great Britain and Ireland which have departed at the statement of financial position date. The group also provides ancillary services for fellow subsidiary companies, and revenue in respect of this is recognised upon delivery of that service to the customer. All turnover excludes value added tax.

Functional and presentation currency

These financial statements are presented in pound sterling, which is the company and the group's functional currency.

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of total comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Property, plant and equipment

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

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of total comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Short Leasehold Property	10 - 25 years
Computer equipment	3 - 4 years
Office Equipment	4 or 10 years
Motor Vehicles	4 years

Inventories

Inventories are measured at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Finance income and expenses

Finance income comprises interest income and is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings and are recognised in the statement of total comprehensive income using the effective interest method.

Employee benefits

The group participated in a group defined benefit pension scheme, which was closed to new members from 1 May 2004.

From 1 May 2011, this group defined benefit pension scheme was curtailed to the extent that the accrual in the defined benefit scheme ceased. The assets and liabilities of the group's defined benefit pension scheme continue to exist, from which retirement payments will be made. All future contributions made by employees are into the group's defined contribution scheme.

The assets of the scheme are held separately from those of the group, in separate trustee administered funds. The pension scheme is a group plan and Contiki (UK) Holdings Limited is not the sponsoring entity. Consequently, Contiki (UK) Holdings Limited accounts for the scheme for as defined contribution scheme and obligations for contributions are recognised as an expense in the statement of total comprehensive income as incurred.

Defined contribution plans

From 1 May 2004 the group participated in a group defined contribution scheme, open to all employees subject to scheme rules. From 1 May 2011 all employees formerly members of the group's defined contribution scheme have also become members of the group's defined contribution scheme.

Notes *(continued)*

1 Accounting policies *(continued)*

Employee benefits (continued)

The assets of the scheme are held separately from those of the group in separate trust administered funds. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of total 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 total 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 enacted or substantively enacted at the statement of financial position date, 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.

New standards and interpretations not yet adopted

There are no new standards, amendments or interpretations adopted by the group in the year ended 31 December 2015.

A number of new standards, amendments and interpretations have been issued but are not yet effective and have not therefore been applied in preparing these financial statements:

IFRS 15 Revenue from Contracts with Customers: this standard deals with revenue recognition and established principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard was issued in May 2014 with an effective date of 1 January 2018, but is not yet EU endorsed. Management is in the process of reviewing the impact that this will have on the group.

IFRS 9 Financial Instruments: issued in July 2014 with an effective date of 1 January 2018, is not yet EU endorsed. It is not expected to have a material impact on the group.

IFRS 16 Leases: issued in January 2016 with an effective date of 1 January 2019, is not yet EU endorsed.

Notes *(continued)*

2 Revenue

An analysis of revenue is given below:

	2015	2014
	£	£
Tour operator service	**3,216,401**	3,014,017
Provision of ancillary services to fellow subsidiary undertakings	**4,236,119**	4,125,323
	7,452,520	7,139,340

3 Expenses and auditor's remuneration

Included in profit are the following;

	2015	2014
	£	£
Depreciation and other amounts written off:		
Plant and machinery	**32,312**	33,870
Leasehold property	**23,580**	23,760
Operating lease payments:		
Office equipment	**6,149**	11,629
Land and buildings	**152,104**	142,780
Loss on disposal of fixed assets	**12,971**	10,189
Loss on foreign currency translation	**3,025**	1,346

Auditor's remuneration:

	2015	2014
	£	£
Audit	**22,500**	22,500
Other	**2,000**	1,000

Notes *(continued)*

4 Staff numbers and costs

The average numbers of persons employed by the group during the financial year amounted to:

	2015 Number	2014 Number
Administrative staff	**45**	36
Operations staff	**19**	27
	64	63

The aggregate personnel expenses of the above were:

	2015 £	2014 £
Wages and salaries	**2,412,565**	2,338,826
Compulsory social security contributions	**268,719**	247,633
Contribution to defined contribution plans	**190,671**	157,569
	2,871,955	2,744,028

The directors' aggregate emoluments in respect of qualifying services were:

	2015 £	2014 £
Directors' emoluments	**273,290**	279,729
Pension contribution	**21,873**	19,030
	295,163	298,759

There are retirement benefits accruing to two directors under a defined benefit scheme *(2014: two)*.

5 Finance income and expense

	2015 £	2014 £
Interest income on cash deposits	**1,892**	1,771
Finance expense	**-**	(60)
Net finance income	**1,892**	1,711

Notes *(continued)*

6 Taxation

Recognised in the statement of total comprehensive income

	2015	2014
	£	£
Current tax expense		
Current year	**140,233**	140,636
Under provision in prior year	**3,680**	15
	143,913	140,651
Deferred tax expense		
Origination and reversal of timing differences	**3,600**	(2,802)
Effect of decreased tax rate	**727**	795
Total tax in statement of total comprehensive income	**148,240**	138,644

Reconciliation of effective tax rate

	2015	2014
	£	£
Profit before tax	**692,626**	646,475
Tax using the UK corporation tax rate of 20.25% *(2014: 21.5%)*	**140,233**	138,992
Under provision of tax in prior years	**3,680**	15
Amortisation of non-qualifying assets	**788**	606
Expenses not deductible for tax purposes	**3,539**	2,702
Other	**-**	(3,671)
Total tax in statement of total comprehensive income	**148,240**	138,644

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 December 2015 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 31 December 2015 by £2,100.

7 Total comprehensive income attributable to members of the parent company

As the parent company is non-trading, there were neither profits nor losses during this or the previous year.

Notes *(continued)*

8 Property, plant and equipment - Group

	Short leasehold property £	Computer Equipment £	Motor Vehicles £	Office Equipment £	Total £
Cost					
Balance at 1 January 2014	443,090	128,223	46,295	144,026	761,634
Additions	46,095	42,089	-	13,602	101,786
Disposals	-	(50,621)	-	(2,713)	(53,334)
Balance at 31 December 2014	489,185	119,691	46,295	154,915	810,086
Balance at 1 January 2015	489,185	119,691	46,295	154,915	810,086
Additions	28,866	23,762	-	36,426	89,054
Disposals	(162,531)	(5,566)	-	(87,254)	(255,351)
Balance at 31 December 2015	**355,520**	**137,887**	**46,295**	**104,087**	**643,789**
Depreciation and impairment					
Balance at 1 January 2014	345,408	93,649	27,790	134,084	600,931
Depreciation charge for the year	23,760	22,326	5,794	5,750	57,630
Disposals	-	(38,560)	-	(2,594)	(41,154)
Balance at 31 December 2014	369,168	77,415	33,584	137,240	617,407
Balance at 1 January 2015	369,168	77,415	33,584	137,240	617,407
Depreciation charge for the year	23,580	19,327	3,454	9,531	55,892
Disposals	(153,301)	(5,566)	-	(83,195)	(242,062)
Balance at 31 December 2015	**239,447**	**91,176**	**37,038**	**63,576**	**431,237**
Net book value					
At 1 January 2014	97,682	34,574	18,505	9,942	160,703
At 31 December 2014 and 1 January 2015	120,017	42,276	12,711	17,675	192,679
At 31 December 2015	**116,073**	**46,711**	**9,257**	**40,511**	**212,552**

Notes *(continued)*

9 Deferred tax asset - Group

Recognised deferred asset

Deferred tax assets are attributable to the following:

	2015	2014
	£	£
Property, plant and equipment	**13,097**	12,546

Movement in deferred tax during the year

	£
At 1 January 2014	10,539
Recognised in the Statement of Comprehensive Income	2,007
At 31 December 2014	12,546
At 1 January 2015	12,546
Recognised in the Statement of Comprehensive Income	551
At 31 December 2015	**13,097**

10 Investments - Company

Company – investment in subsidiary undertakings

	£
Cost and net book value	
At 1 January 2015 and 31 December 2015	**60,000**

The subsidiary undertakings of the company during the year, all of which were 100% owned and registered in England and Wales were as follows:

Name of company	**Principal activity**
Contiki Travel (UK) Limited	Tour operator
Contiki Services Limited	Operational and data processing services

Notes *(continued)*

11 Inventories

	2015	2014
	£	£
Finished goods	**33,369**	71,569

12 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:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Parent company	**1,910,489**	1,460,427	**140,000**	140,000
Others	**484**	7,322	-	-
	1,910,973	1,467,749	**140,000**	140,000

13 Trade and other receivables - Group

	2015	2014
	£	£
Other receivables and prepayments	**317,583**	67,603

14 Cash and cash equivalents - Group

	2015	2014
	£	£
Cash and cash equivalents per statement of financial position and statement of cash flow	**1,241,007**	1,017,297

15 Amounts due to related parties - Group

Amounts owing to other members of the TTC group, which are unsecured, non-interest breading and payable on demand are:

	2015	2014
	£	£
Parent company	**586,846**	392,794
Others	**180,838**	150,726
	767,684	543,520

Notes *(continued)*

16 Trade and other payables - Group

	2015	2014
	£	£
Trade payables	**83,091**	57,640
Other taxes and social security	**78,189**	68,478
Non-trade payables, accruals and deferred income	**223,225**	132,274
	384,505	258,392

17 Employee benefits

Pension plans

The group contributes to a UK pension scheme, open to all UK employees, subject to scheme rules. 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 from 1 May 2004. The assets are held in separate trustee administered funds.

The defined benefit group plan is accounted for as a defined contribution scheme in these accounts 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 assets of the defined benefit scheme have been certified by a qualified actuary at a triennial valuation at 1 May 2013 as being capable of meeting the liabilities of the scheme as they fall due.

During the year ended 31 December 2015 £104,162 was charged against profits in respect of the defined benefit scheme (*2014: £74,649*), and £86,509 was charged against profits in respect of the defined contribution scheme (*2014: £82,920*).

The following disclosure relates to the financial position and performance of the group defined benefit pension scheme into which Contiki (UK) Holdings Limited contributes:

	2015	2014
	£000	£000
Present value of funded defined benefit obligations	**34,802**	36,796
Fair value of plan assets	**(21,420)**	(21,247)
Net liability	**13,382**	15,549

Notes *(continued)*

17 Employee benefits *(continued)*

Movement in the present value of the defined benefit obligation:

	2015 £000	2014 £000
Liability for defined benefit obligations at 1 January	**36,796**	30,474
Interest cost	**1,233**	1,327
Benefits paid by the plan	**(1,082)**	(613)
Actuarial losses/(gains) recognised in equity	**(2,145)**	5,608
Liability for defined benefit obligations at 31 December	**34,802**	36,796

Movement in fair value of plan assets:

	2015 £000	2014 £000
Fair value of plan assets at 1 January	**21,247**	20,099
Employer contributions	**810**	778
Benefits paid by the plan	**(1,081)**	(613)
Interest cost	**718**	888
Actuarial gains recognised in equity	**(274)**	95
Fair value of plan assets at 31 December	**21,420**	21,247

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

	2015 £000	2014 £000
Interest on obligation	**515**	439

Notes *(continued)*

17 Employee benefits *(continued)*

Plan assets consist of the following:

	2015	2014
	£000	£000
Equity securities	**15,345**	15,806
Bonds	**4,053**	3,245
Property	**1,325**	563
Cash	**697**	1,633
	21,420	21,247

	2015	Restated 2014
	£000	£000
Actual return on plan assets	**443**	983

Actuarial assumptions:

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

	2015	2014
	%	%
Discount rate	**3.70**	3.40
Future salary increases	**3.20**	3.10
Future pension increases on benefits accrued from 1997 to 2005	**3.80**	3.80
Future pension increases on benefits accrued post 2005	**3.20**	3.10
Rate of increase on deferred pensions	**2.20**	2.10
Inflation	**3.20**	3.10

History of plans

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

	2015	2014	Restated 2013	2012	2011
Present value of the defined benefit obligation	**(34,802)**	(36,796)	(30,474)	(29,745)	(24,976)
Fair value of plan assets	**21,420**	21,247	20,099	17,243	14,989
Deficit in the plan	**(13,382)**	(15,549)	(10,375)	(12,502)	(9,987)
Experience adjustments on plan liabilities	**1.00%**	(0.30)%	(0.30)%	(1.90)%	(2.80)%
Experience adjustments on plan assets	**(1.30)%**	0.4%	8.60%	6.10%	(12.70)%

Notes *(continued)*

18 Share capital and reserves

Reconciliation of movement in capital and reserves - Group

	Share Capital £	Retained earnings £	Total equity £
Balance at 1 January 2014	200,000	1,179,064	1,379,064
Total comprehensive income for the year	-	507,831	507,831
Balance at 31 December 2014	200,000	1,686,895	1,886,895
Balance at 1 January 2015	200,000	1,686,895	1,886,895
Total comprehensive income for the year	-	544,386	544,386
Balance at 31 December 2015	**200,000**	**2,231,281**	**2,431,281**

	2015 £	2014 £
Allotted, called up and fully paid		
200,000 ordinary shares of £1 each	**200,000**	200,000

Reconciliation of movement in capital and reserves - Company

	Share Capital £	Retained earnings £	Total equity £
Balance at 1 January 2014 and 31 December 2014	200,000	-	200,000
Total comprehensive income for the year	-	-	-
Balance at 31 December 2015	**200,000**	**-**	**200,000**

19 Financial instruments

The group 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 and currency risk from its operations and from its sources of finance; and
c) for trading purposes.

In addition, various financial instruments (e.g. trade receivables and trade payables) arise directly from the group's operations.

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

Credit risk

Financial risk management

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and investment securities.

The group monitors credit risk closely and considers that its current policy of credit checks meets its objectives of managing exposure to credit risk.

Notes *(continued)*

19 Financial instruments *(continued)*

Exposure to credit risk

Amounts shown in the statement of financial position best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments. The intercompany balances are not considered to represent a significant credit risk by the Directors. The maximum credit exposure at the reporting date was:

	2015 £	2014 £
Amounts due from related parties	**1,910,973**	1,467,749
Cash and cash equivalents	**1,241,007**	1,017,297
	3,151,980	2,485,046

Liquidity risk

Financial risk management

The group at all times maintains adequate cash balances in order to meet all its commitments as and when they fall due. The group has no long term borrowings.

The company at all times maintains adequate cash balances in order to meet all its commitments as and when they fall due. The company has no long term borrowings.

Exposure to liquidity risk

Payables mainly relate to trade payables, corporation tax and accruals. All trade payables of £83,091 (*2014: £57,640*) are payable within six months or less from the year end. The intercompany balances are not considered to represent a significant liquidity risk by the Directors.

Interest rate risk

The group invests its surplus cash in a premium deposit account with Barclay's Bank in the UK, with an interest rate of 0.05% *(2014: 0.05%)* at the year end. Interest earned therefore closely follows movements in Bank of England base rate. A movement of 1 per cent on this rate would result in a difference in annual pre-tax profit of £11,731 *(2014: £10,259)* based on the balance in the account at 31 December 2015.

Foreign currency risk

Financial risk management

The group is exposed to foreign exchange risk in respect of transactions involving the Euro. The group enters into transactions at contracted rates with other TTC group companies, minimising its foreign exchange transaction risk. The group does not use forward exchange contracts to hedge the group's exposure to foreign currency risk in the local reporting currency.

Exposure to currency risk

The group's exposure to foreign currency risk was as follows based on notional amounts (stated below in sterling):

	2015 EUR	2014 EUR
Cash and cash equivalents	**21,208**	6,860
Other receivables	**884**	983
Amounts due to related parties	**(4,661)**	(5,141)
Net exposure	**17,431**	2,702

Notes *(continued)*

19 Financial instruments *(continued)*

The following significant exchange rates applied during the year:

	Average rate 2015	2014	Reporting date spot rate 2015	2014
EUR	**1.1742**	1.0423	**1.3569**	1.2885

Sensitivity analysis

A 10% weakening in the Pound against the currencies above would increase equity and profit at the 2015 year end by £1,743 (*2014: increase £270*). A 10% strengthening of the Pound against the currencies above would have had the equal but opposite effect, on the basis that all other variables remain constant.

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.

20 Operating leases

Non-cancellable operating lease rentals in respect of land and buildings are payable as follows:

	2015 £	2014 £
Less than one year	**217,183**	59,583
Between one and five years	**600,400**	401,700
More than five years	**450,000**	92,700
	1,267,583	553,983

During the year £152,104 was recognised as an expense in the statement of total comprehensive income in respect of operating leases for land and buildings *(2014: £142,780)*.

Non-cancellable operating lease rentals in respect of office machinery are payable as follows:

	2015 £	2014 £
Less than one year	**3,736**	3,736
Between one and five years	**8,510**	12,246
More than five years	**-**	-
	12,246	15,982

The group has entered into a short term lease in respect of office machinery.

During the year £6,149 was recognised as an expense in the statement of total comprehensive income in respect of operating leases for office equipment *(2014: £11,629)*.

Notes *(continued)*

21 Related party transactions

During the year the Contiki (UK) Holdings Limited group received services from other members of the TTC group as follows:

	2015	2014
	£	£
Parent company	**91,160**	72,958
Others	**185,042**	288,136
	276,202	361,094

During the year the Contiki (UK) Holdings Limited group provided services to other members of the TTC group as follows:

	2015	2014
	£	£
Others	**4,236,119**	4,125,323

Bankers have supplied bonds totalling £243,500 (*2014: £*263,963) to the licensing authorities of one of the subsidiaries. Contiki Tours International Limited has guaranteed the bonds.

Details of the company's immediate parent and of the ultimate controlling party are included in note 22.

22 Ultimate parent company

The immediate parent undertaking of the company is Contiki Tours International Limited, a company incorporated in Guernsey.

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

The accounts of both the above companies are not available to the public.