

Contiki (UK) Holdings Limited

**Directors' report and financial
statements**

Registered number 1955493

31 December 2016

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Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2016.

The directors have taken advantage of the small companies' exemption from the requirement to prepare a Strategic report provided under the Companies Act 2006.

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 £546,564 (2015: £544,386). A dividend of £nil was declared in 2016 (2015: £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


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
Secretary

Wells House
15 Elmfield Road
Bromley
Kent BR1 1LS

1st June 2017

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.



KPMG LLP

8 Princes Parade
Liverpool
L3 1QH
United Kingdom

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 2016 set out on pages 5 to 24.

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 2016 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 is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

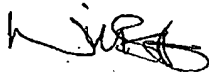
- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



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

21/6/2017

Consolidated statement of comprehensive income
for the year ended 31 December 2016

	<i>Note</i>	2016 £	2015 £
Revenue	1, 2	6,961,723	7,452,520
Cost of sales		(2,743,395)	(2,665,049)
Gross profit		4,218,328	4,787,471
Administrative expenses		(3,518,630)	(4,096,737)
Operating profit	3, 4	699,698	690,734
Finance income	5	1,279	1,892
Finance expense	5	(556)	-
Net financing income		723	1,892
Profit before taxation		700,421	692,626
Taxation	6	(153,857)	(148,240)
Profit for the year		546,564	544,386
Total comprehensive income for the year		546,564	544,386

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 24 are an integral part of the financial statements.

Consolidated statement of changes in equity

	Share capital £	Retained earnings £	Total £
At 1 January 2015	200,000	1,686,895	1,886,895
Total comprehensive income for the year	-	544,386	544,386
At 1 January 2016	200,000	2,231,281	2,431,281
Total comprehensive income for the year	-	546,564	546,564
At 31 December 2016	200,000	2,777,845	2,977,845

Company statement of changes in equity

	Share capital £	Retained earnings £	Total £
At 1 January 2015	200,000	-	200,000
Total comprehensive income for the year	-	-	-
At 1 January 2016	200,000	-	200,000
Total comprehensive income for the year	-	-	-
At 31 December 2016	200,000	-	200,000

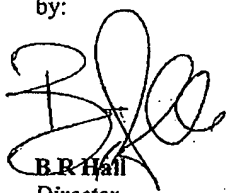
The notes on pages 10 to 24 are an integral part of the financial statements.

Consolidated statement of financial position
at 31 December 2016

	<i>Note</i>	2016 £	2015 £
Non -current assets			
Property, plant and equipment	8	798,400	212,552
Deferred tax assets	9	9,799	13,097
		<u>808,199</u>	<u>225,649</u>
Current assets			
Inventory	11	30,480	33,369
Amounts due from related parties	12	1,512,574	1,910,973
Trade and other receivables	13	89,706	317,583
Cash and cash equivalents	14	1,878,597	1,241,007
		<u>3,511,357</u>	<u>3,502,932</u>
Total assets		<u>4,319,556</u>	<u>3,728,581</u>
Current liabilities			
Amounts due to related parties	15	(843,006)	(767,684)
Trade and other payables	16	(348,146)	(384,505)
Corporation tax payable		(150,559)	(145,111)
		<u>(1,341,711)</u>	<u>(1,297,300)</u>
Total liabilities		<u>(1,341,711)</u>	<u>(1,297,300)</u>
Net assets		<u>2,977,845</u>	<u>2,431,281</u>
Equity			
Share capital	18	200,000	200,000
Retained earnings		2,777,845	2,231,281
		<u>2,977,845</u>	<u>2,431,281</u>
Total equity		<u>2,977,845</u>	<u>2,431,281</u>

The notes on pages 10 to 24 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 1/6/2017 and were signed on its behalf by:



B.R. Hall
Director

Registered company 1955493

Company statement of financial position
 at 31 December 2016

	Note	2016 £	2015 £
Non-current assets			
Investments	10	60,000	60,000
Current assets			
Amounts due from related parties	12	140,000	140,000
Total assets		<u>200,000</u>	<u>200,000</u>
Equity			
Share capital	18	200,000	200,000
Retained earnings		-	-
Total equity		<u>200,000</u>	<u>200,000</u>

The notes on pages 10 to 24 are an integral part of these financial statements.

These financial statements were approved by the board of directors on behalf by:

1/6/

2017 and were signed on its



B.R. Hall
 Director

Registered company 1955493

Consolidated statement of cash flows
for the year ended 31 December 2016

	<i>Note</i>	2016 £	2015 £
Cash flows from operating activities			
Total comprehensive income for the year		546,564	544,386
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	8	102,542	55,892
Loss on sale of property, plant and equipment		43,374	12,971
Financial income	5	(1,279)	(1,892)
Finance expense	5	556	-
Taxation	6	153,857	148,240
Operating profit before changes in working capital and provisions		845,614	759,597
Decrease/(increase) in trade and other receivables		227,877	(249,980)
Decrease/(increase) in amounts due from related parties		398,399	(443,224)
(Decrease)/increase in trade and other payables		(36,359)	126,113
Increase in amounts due to related parties		75,322	224,164
Decrease in inventories		2,889	38,200
		1,513,742	454,872
Tax paid		(145,111)	(144,317)
Net cash generated in operating activities		1,368,631	310,555
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		10,872	317
Interest received		1,279	1,892
Interest paid		(556)	-
Acquisition of property, plant and equipment		(742,636)	(89,054)
Net cash used in investing activities		(731,041)	(86,845)
Net increase in cash and cash equivalents		637,590	223,710
Cash and cash equivalents at 1 January	14	1,241,007	1,017,297
Cash and cash equivalents at 31 December	14	1,878,597	1,241,007

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 24 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. 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 Company'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 company 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 company, in separate trustee administered funds. The pension scheme is a group plan and Contiki Services Limited is not the sponsoring entity. Consequently, Contiki Services 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 company 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 company 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.

Adopted IFRS not yet applied

The following adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 Financial Instrument (effective 1 January 2018).
- IFRS 15 Revenue from Contract with Customers (effective date 1 January 2018).
- IFRS 16 Leases (effective date to be confirmed).

2 Revenue

An analysis of revenue is given below:

	2016 £	2015 £
Tour operator service	3,278,226	3,216,401
Provision of ancillary services to fellow subsidiary undertakings	3,683,497	4,236,119
	<u>6,961,723</u>	<u>7,452,520</u>

Notes (continued)

3 Expenses and auditor's remuneration

Included in profit are the following:

	2016 £	2015 £
Depreciation and other amounts written off:		
Plant and machinery	33,995	32,312
Leasehold property	68,547	23,580
Operating lease payments:		
Office equipment	6,226	6,149
Land and buildings	152,607	152,104
Loss on disposal of fixed assets	43,374	12,971
Loss on foreign currency translation	(3,410)	3,025
	<u> </u>	<u> </u>

Auditor's remuneration:

	2016 £	2015 £
Audit	23,000	22,500
Other	2,000	2,000
	<u> </u>	<u> </u>

4 Staff numbers and costs

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

	2016 Number	2015 Number
Administrative staff	25	45
Operations staff	31	19
	<u> </u>	<u> </u>
	56	64
	<u> </u>	<u> </u>

The aggregate personnel expenses of the above were:

	2016 £	2015 £
Wages and salaries	1,601,035	2,412,565
Compulsory social security contributions	200,819	268,719
Contribution to defined contribution plans	175,090	190,671
	<u> </u>	<u> </u>
	1,976,944	2,871,955
	<u> </u>	<u> </u>

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

	2016 £	2015 £
Directors' emoluments	306,507	273,290
Pension contribution	23,038	21,873
	<u> </u>	<u> </u>
	329,545	295,163
	<u> </u>	<u> </u>

There are retirement benefits accruing to two director's under a defined benefit scheme (2015: two).

Notes (continued)

5 Finance income and expense

	2016 £	2015 £
Interest income on cash deposits	1,279	1,892
Finance expense	(556)	-
Net finance income	<u>723</u>	<u>1,892</u>

6 Taxation

Recognised in the statement of total comprehensive income

	2016 £	2015 £
<i>Current tax expense</i>		
Current year	140,084	140,233
Under provision in prior year	-	3,680
	<u>140,084</u>	<u>143,913</u>
<i>Deferred tax expense</i>		
Origination and reversal of timing differences	13,614	3,600
Effect of decreased tax rate	159	727
	<u>153,857</u>	<u>148,240</u>
Total tax in statement of total comprehensive income		

Reconciliation of effective tax rate

	2016 £	2015 £
Profit before tax	<u>700,421</u>	<u>692,626</u>
Tax using the UK corporation tax rate of 20% (2015: 21.5%)	140,084	140,233
Under provision of tax in prior years	-	3,680
Amortisation of non-qualifying assets	7,765	788
Expenses not deductible for tax purposes	6,008	3,539
Other	-	-
	<u>153,857</u>	<u>148,240</u>
Total tax in statement of total comprehensive income		

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was 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. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the future current tax charge accordingly.

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 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
Balance at 1 January 2016	355,520	137,887	46,295	104,087	643,789
Additions	675,738	8,839	-	58,059	742,636
Disposals	(262,064)	(10,747)	(17,325)	(35,536)	(325,672)
Balance at 31 December 2016	769,194	135,979	28,970	126,610	1,060,753
Depreciation					
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
Balance at 1 January 2016	239,447	91,176	37,038	63,576	431,237
Depreciation charge for the year	68,547	21,331	-	12,664	102,542
Disposals	(222,595)	(10,531)	(13,860)	(24,440)	(271,426)
Balance at 31 December 2016	85,399	101,976	23,178	51,800	262,353
Net book value					
At 1 January 2015	120,017	42,276	12,711	17,675	192,679
At 31 December 2015 and 1 January 2016	116,073	46,711	9,257	40,511	212,552
At 31 December 2016	683,795	34,003	5,792	74,810	798,400

Notes (continued)

9 Deferred tax asset - Group

Recognised deferred asset

Deferred tax assets are attributable to the following:

	2016 £	2015 £
Property, plant and equipment	9,799	13,097

Movement in deferred tax during the year

	£
At 1 January 2015	12,546
Recognised in the statement of comprehensive income	551
At 31 December 2015	13,097
At 1 January 2016	13,097
Recognised in the statement of comprehensive income	(3,298)
At 31 December 2016	9,799

10 Investments - Company

Company – investment in subsidiary undertakings

Cost and net book value	£
At 1 January 2016 and 31 December 2016	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

	2016 £	2015 £
Finished goods	30,480	33,369

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	
	2016 £	2015 £	2016 £	2015 £
Parent company	1,512,539	1,910,489	140,000	140,000
Others	35	484	-	-
	<u>1,512,574</u>	<u>1,910,973</u>	<u>140,000</u>	<u>140,000</u>

13 Trade and other receivables - Group

	2016 £	2015 £
Other receivables and prepayments	89,706	317,583
	<u>89,706</u>	<u>317,583</u>

14 Cash and cash equivalents - Group

	2016 £	2015 £
Cash and cash equivalents per statement of financial position and statement of cash flow	1,878,597	1,241,007

15 Amounts due to related parties - Group

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

	2016 £	2015 £
Parent company	647,771	586,846
Others	195,235	180,838
	<u>843,006</u>	<u>767,684</u>

Notes (continued)

16 Trade and other payables - Group

	2016 £	2015 £
Trade payables	93,557	83,091
PAYE and social security	49,935	78,189
Non-trade payables, accruals and deferred income	204,654	223,225
	<u>348,146</u>	<u>384,505</u>

17 Employee benefits

Pension plans

The Contiki (UK) Holdings Limited group contributes to a group pension scheme open to all employees, subject to scheme rules. The scheme comprises a group plan defined benefit scheme, which was closed to new members from 1 May 2004 and closed to further accrual from 1 May 2011, and a group plan defined contribution scheme, which was opened on 1 May 2004. The assets of the scheme are held in separate trustee administered funds.

The defined benefit group plan is accounted for as a defined contribution scheme as there is no contractual agreement allocating the cost of the scheme, although it is accounted for as a defined benefit scheme by the ultimate controlling party.

During the year ended 31 December 2016 £106,099 was charged against profits in respect of the defined benefit scheme (2015: £104,162), and £68,991 was charged against profits in respect of the defined contribution scheme (2015: £86,509).

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

	2016 £000	2015 £000
Present value of funded defined benefit obligations	44,327	34,802
Fair value of plan assets	(25,295)	(21,420)
	<u>19,032</u>	<u>13,382</u>
Net liability		

Movement in the present value of the defined benefit obligation:

	2016 £000	2015 £000
Liability for defined benefit obligations at 1 January	34,802	36,796
Interest cost	1,279	1,233
Benefits paid by the plan	(489)	(1,082)
Actuarial losses/(gains) recognised in equity	8,735	(2,145)
	<u>44,327</u>	<u>34,802</u>
Liability for defined benefit obligations at 31 December		

Notes (continued)

17 Employee benefits (continued)

Movement in fair value of plan assets:

	2016 £000	2015 £000
Fair value of plan assets at 1 January	21,420	21,247
Employer contributions	821	810
Benefits paid by the plan	(489)	(1,081)
Interest cost	798	718
Actuarial gains/(losses) recognised in equity	2,745	(274)
	<hr/>	<hr/>
Fair value of plan assets at 31 December	25,295	21,420
	<hr/>	<hr/>

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

	2016 £000	2015 £000
Interest on obligation	480	515
	<hr/>	<hr/>
	480	515
	<hr/>	<hr/>

Plan assets consist of the following:

	2016 £000	2015 £000
Equity securities	10,970	15,345
Bonds	10,331	4,053
Property	3,438	1,325
Cash	556	697
	<hr/>	<hr/>
	25,295	21,420
	<hr/>	<hr/>

Notes (continued)

17 Employee benefits (continued)

	2016 £000	2015 £000
Actual return on plan assets	3,544	443

Actuarial assumptions:

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

	2016 %	2015 %
Discount rate	2.60	3.70
Future salary increases	3.30	3.20
Future pension increases on benefits accrued from 1997 to 2005	3.80	3.80
Future pension increases on benefits accrued post 2005	3.30	3.20
Rate of increase on deferred pensions	2.30	2.20
Inflation	3.30	3.20

History of plans

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

	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
Present value of the defined benefit obligation	(44,327)	(34,802)	(36,796)	(30,474)	(29,745)
Fair value of plan assets	25,295	21,420	21,247	20,099	17,243
Deficit in the plan	(19,032)	(13,382)	(15,549)	(10,375)	(12,502)
Experience adjustments on plan liabilities	0.40%	1.00%	(0.30)%	(0.30)%	(1.90)%
Experience adjustments on plan assets	10.90%	(1.30)%	0.40%	8.60%	6.10%

Notes (continued)

18 Share capital and reserves

Group and Company

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
200,000 ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

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 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 Company's receivables from customers and investment securities.

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

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:

	2016 £	2015 £
Amounts due from related parties	1,512,574	1,910,973
Cash and cash equivalents	<u>1,878,597</u>	<u>1,241,007</u>
	<u>3,391,171</u>	<u>3,151,980</u>

Notes (continued)

19 Financial instruments (continued)

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 £93,557 (2015: £83,091) 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% (2015: 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 £17,940 (2015: £11,731) based on the balance in the account at 31 December 2016.

Foreign currency risk

Financial risk management

The Group is exposed to foreign exchange risk in respect of transactions involving the Euro. The Company enters into transactions at contracted rates with other 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):

	2016 EUR	2015 EUR
Amounts due to related parties	(23,819)	(4,661)
Trade and other payables		
Cash and cash equivalents	48,747	21,208
Trade and other receivables	41	2,596
Gross statement of financial position exposure	24,969	19,143

The following significant exchange rates applied during the year:

	Contracted rate 2016	2015	Reporting date spot rate 2016	2015
EUR	1.2954	1.1742	1.1715	1.3569

Sensitivity analysis

A 10% strengthening in the Euro against the Pound would increase equity and profit at the 2016 year end by £2,497 (2015: increase £1,914). A 10% weakening of the Euro against the Pound 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.

Notes (continued)

20 Operating leases

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

	2016 £	2015 £
Less than one year	217,183	217,183
Between one and five years	562,800	600,400
More than five years	330,000	450,000
	<u>1,109,983</u>	<u>1,267,583</u>

During the year £152,607 was recognised as an expense in the statement of total comprehensive income in respect of operating leases for land and buildings (2015: £152,104).

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

	2016 £	2015 £
Less than one year	3,736	3,736
Between one and five years	4,774	8,510
More than five years	-	-
	<u>8,510</u>	<u>12,246</u>

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

During the year £6,226 was recognised as an expense in the statement of total comprehensive income in respect of operating leases for office equipment (2015: £6,149).

21 Related party transactions

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

	2016 £	2015 £
Parent company	90,683	91,160
Others	1,000,182	912,636
	<u>1,090,865</u>	<u>1,003,796</u>

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

	2016 £	2015 £
Others	3,683,497	4,236,119
	<u>3,683,497</u>	<u>4,236,119</u>

Bankers have supplied bonds totalling £306,181 (2015: £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.

Notes (continued)

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.