

Contiki (UK) Holdings Limited

**Directors' report and financial
statements**

Registered number 1955493

31 December 2020



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Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2020.

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 the level of business to increase as countries emerge from the aftermath of the Covid-19 pandemic.

Results and dividends

The profit for the year, after taxation, amounted to £504,479 (2019: £571,771). A dividend of £nil was declared in 2020 (2019: £nil).

Going Concern

In January 2020, the World Health Organization announced the COVID-19 outbreak to be a global health emergency. In response to the COVID-19 outbreak and the resulting measures taken by the United States, Australia and other countries to move aggressively to contain the disease, including travel restrictions, the Company suspended and deferred all trips beginning mid-March through to the end of the year. The Company refunded certain deposits back to customers for 2020 trip in the event that a customer decided to cancel instead of defer their travel dates. The Company offered future travel credits to those customers whose trips were deferred to a later travel date which will allow customers to travel at a later date of their choosing through 2022. The deferral in travel dates will also defer the recognition of revenue and trip costs. Despite this deferral of revenue, the Company does not have any liquidity issues or concerns in meeting any contractual payments. Given the uncertainty regarding travel restrictions at this time, the Company also evaluated its ability to continue as a going concern. The Company does not believe there are any issues to continue as a going concern as there is sufficient cash available to continue to maintain its operations during the outbreak period and to cover any required cash outflows. The Travel Corporation Limited (the ultimate controlling party) has confirmed it will provide financial support to the Company for twelve months from the date of approval of these financial statements in order to ensure the Company has the ability to meet its financial obligations and commitments as and when they fall due. Additionally, as countries open up for travel in 2021, the Company is now able to start translating bookings made across the Group into planned departures with UK trips recommencing in June 2021.

Financial instruments

Details of the Group's financial risk management objectives and policies are included in note 20 to the accounts.

Directors and directors' interests

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

B R Hall
S M Clayton
C A Treloggen

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.

Directors' report *(continued)*

Auditor

A resolution for the re-appointment of KPMG Channel Islands as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



C A Treloggen
Director

Wells House
15 Elmfield Road
Bromley
Kent
BR1 1LS

28th June 2021

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 international accounting standards in conformity with the requirements of the Companies Act 2006 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, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

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

Independent Auditor's Report to the Member of Contiki (UK) Holdings Limited

Our opinion

We have audited the consolidated financial statements of Contiki (UK) Holdings Limited (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position and the company statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity, company statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- are properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company and Group in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the consolidated financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the consolidated financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group and the Company's business model and analysed how those risks might affect the Group and the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Group's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

Independent Auditor's Report to the Member of Contiki (UK) Holdings Limited (continued)

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- vouching samples of revenues earned from tours and management fees to supporting documents.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the consolidated financial statements from our general sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

The Group is subject to laws and regulations that directly affect the consolidated financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the consolidated financial statements, for instance through the imposition of litigation or impacts on the Group and the Company's ability to operate. We identified company law as being the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the consolidated financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the consolidated financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

The directors' report

The directors are responsible for the directors' report. Our opinion on the consolidated financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our consolidated financial statements audit work, the information therein is materially misstated or inconsistent with the consolidated financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the consolidated financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Member of Contiki (UK) Holdings Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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 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

We have nothing to report in these respects.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the consolidated financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's member, 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 member 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 its member, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Sallsbury (Senior Statutory Auditor)

For and on behalf of KPMG Channel Islands Limited (Statutory Auditor)

Chartered Accountants

Guernsey

28 June 2021

Consolidated statement of comprehensive income
for the year ended 31 December 2020

	Note	2020 £	2019 £
Revenue	1.2	3,679,763	8,865,903
Cost of sales		(466,116)	(3,727,894)
Gross profit		3,213,647	5,138,009
Other income	3	403,251	-
Administrative expenses		(2,946,610)	(4,406,316)
Operating profit	4.5	670,288	731,693
Finance income	6	858	5,767
Finance expense	6	(15,585)	(16,023)
Finance expense		(14,727)	(10,256)
Profit before taxation		655,561	721,437
Taxation	7	(151,082)	(149,666)
Profit for the year		504,479	571,771
Total comprehensive income for the year		504,479	571,771

All results relate to continuing operations.

The group has no recognised other comprehensive income other than the results for the year as set out above.

The notes on pages 12 to 34 are an integral part of the financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2020

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2019	200,000	3,552,894	3,752,894
Total comprehensive income for the year	-	571,771	571,771
Balance at 31 December 2019	200,000	4,124,665	4,324,665
Balance at 1 January 2020	200,000	4,124,665	4,324,665
Total comprehensive income for the year	-	504,479	504,479
Balance at 31 December 2020	200,000	4,629,144	4,829,144

Company statement of changes in equity
for the year ended 31 December 2020

	Share capital £	Retained earnings £	Total £
At 1 January 2019	200,000	-	200,000
At 1 January 2020	200,000	-	200,000
At 31 December 2020	200,000	-	200,000


The notes on pages 12 to 34 are an integral part of the financial statements.

Consolidated statement of financial position
at 31 December 2020

	<i>Note</i>	2020 £	2019 £
Non-current assets			
Property, plant and equipment	9	1,318,305	1,358,020
		<u>1,318,305</u>	<u>1,358,020</u>
Current assets			
Inventories	12	26,805	25,343
Trade and other receivables	14	171,310	141,950
Amounts due from related parties	13	4,328,750	4,005,022
Cash and cash equivalents	15	444,772	575,100
		<u>4,971,637</u>	<u>4,747,415</u>
Total assets		<u>6,289,942</u>	<u>6,105,435</u>
Non-current liabilities			
Deferred tax	10,17	(25,377)	(313)
Loans and borrowings	17,22	(583,078)	(613,942)
		<u>(608,455)</u>	<u>(614,255)</u>
Current liabilities			
Trade and other payables	16	(617,963)	(951,484)
Loans and borrowings	16,22	(234,380)	(215,031)
		<u>(852,343)</u>	<u>(1,166,515)</u>
Total liabilities		<u>(1,460,798)</u>	<u>(1,780,770)</u>
Net assets		<u>4,829,144</u>	<u>4,324,665</u>
Equity			
Share capital	19	200,000	200,000
Retained earnings		4,629,144	4,124,665
Total equity		<u>4,829,144</u>	<u>4,324,665</u>

The notes on pages 12 to 34 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 28th June 2021 and were signed on its behalf by:


C A Treloggen
Director
Registered company 1955493

Company statement of financial position
at 31 December 2020

	<i>Note</i>	2020 £	2019 £
Non-current assets			
Investments	11	60,000	60,000
Current assets			
Trade and Other Receivables	13	140,000	140,000
Total assets		<u>200,000</u>	<u>200,000</u>
Equity			
Share capital	19	200,000	200,000
Retained earnings		-	-
Total equity		<u>200,000</u>	<u>200,000</u>

The notes on pages 12 to 34 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 28th June 2021 and were signed on its behalf by:



C A Treloggen
 Director
 Registered company 1955493

Consolidated statement of cash flows
for the year ended 31 December 2020

	<i>Note</i>	2020 £	2019 £
Cash flows from operating activities			
Total comprehensive income for the year		504,479	571,771
<i>Adjustments for:</i>			
Depreciation	9	130,064	104,922
Depreciation on ROU Asset	9	232,549	232,017
Lease Concessions	22	(8,870)	-
Loss on disposal of property, plant and equipment	4	-	2,925
Financial income	6	(858)	(5,767)
Financial expense	6	15,585	16,023
Taxation	7	151,082	149,666
Operating profit before changes in working capital and provisions		1,024,031	1,071,557
(Increase)/Decrease in trade and other receivables	14	(29,360)	38,614
(Increase)/Decrease in amounts due from related parties	13	(323,728)	(961,306)
Increase/(Decrease) in trade and other payables	16	(261,494)	(17,925)
Increase/(Decrease) in amounts due to related parties	16	72,482	(26,903)
(Increase)/Decrease in inventories	12	(1,462)	26,768
(Decrease)/Increase in deferred income	16	(113,760)	32,868
		366,709	163,673
Tax paid		(157,013)	(20,994)
Net cash used in/generated from operating activities		209,696	142,679
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Interest received	6	858	5,767
Interest paid	6	(1,366)	(227)
Acquisition of property, plant and equipment		(162,984)	(27,144)
Lease Payments		(176,532)	(225,673)
Net cash used in investing activities		(340,024)	(247,277)
Net decrease in cash and cash equivalents		(130,328)	(104,598)
Cash and cash equivalents at 1 January		575,100	679,698
Cash and cash equivalents at 31 December	15	444,772	575,100

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 12 to 34 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 private company, limited by shares, incorporated, domiciled and registered in England 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.

1.1 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 accounting standards in conformity with the requirements of the Companies Act 2006. 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, cashflows 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.

1.2 Going concern

The Group's principal business activities are set out in the Directors' report on page 1. Note 20 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 adequate 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.

In January 2020, the World Health Organization announced the COVID-19 outbreak to be a global health emergency. In response to the COVID-19 outbreak and the resulting measures taken by the United States, Australia and other countries to move aggressively to contain the disease, including travel restrictions, the Company suspended and deferred all trips beginning mid-March through to the end of the year. The Company refunded certain deposits back to customers for 2020 trip in the event that a customer decided to cancel instead of defer their travel dates. The Company offered future travel credits to those customers whose trips were deferred to a later travel date which will allow customers to travel at a later date of their choosing through 2022. The deferral in travel dates will also defer the recognition of revenue and trip costs. Despite this deferral of revenue, the Company does not have any liquidity issues or concerns in meeting any contractual payments. Given the uncertainty regarding travel restrictions at this time, the Company also evaluated its ability to continue as a going concern. The Company does not believe there are any issues to continue as a going concern as there is sufficient cash available to continue to maintain its operations during the outbreak period and to cover any required cash outflows. The Travel Corporation Limited (the ultimate controlling party) has confirmed it will provide financial support to the Company for twelve months from the date of approval of these financial statements in order to ensure the Company has the ability to meet its financial obligations and commitments as and when they fall due. Additionally, as countries open up for travel in 2021, the Company is now able to start translating bookings made across the Group into planned departures with UK trips recommencing in June 2021.

Notes (continued)

1 Accounting policies (continued)

1.3 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 statements. Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements relate to revenue recognition. In accordance with IFRS15, revenue generated from sales of tours has been recognised across the obligation of the tour. This policy does not apply to cancellation revenue, as this is recognised on 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 based mainly on the percentage of passenger numbers travelled across the operating companies to determine how the costs are invoiced between the different Group companies.

In accordance with IFRS 16, the interest rate implicit in the leases cannot be readily determined and therefore the lessee's incremental borrowing rate is used. The incremental borrowing rate has been decided at Group Level and has been provided on a Rate Matrix.

1.4 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 services provided by Contiki Travel UK Limited include transportation, food, accommodation & activities across the United Kingdom and the Republic of Ireland. Revenue is generated from sales to travellers worldwide with major markets in Australia, the USA and Canada. The Group also provides ancillary services for fellow subsidiary companies. All turnover excludes value added tax.

1.5 Functional and presentation currency

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

1.6 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.

1.7 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

Notes (continued)

1 Accounting policies (continued)

1.8 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

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

1.9 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 cash flow statement.

(b) Subsequent measurement and gains and losses

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

Financial liabilities and equity

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments

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

Notes (continued)

1 Accounting policies (continued)

1.10 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.

1.11 Employee benefits

Defined benefit plans

The company participates in a group defined benefit pension scheme, which was closed to new members from 1 May 2004 and closed to further accrual from 1 May 2011. The assets of the scheme are held separately from those of the company in separate trustee administered funds. The pension scheme is a group plan and Contiki Services Limited is not the sponsoring entity. Consequently, the scheme is accounted for as a defined contribution scheme and obligations for contributions are recognised as an expense in the statement of comprehensive income as incurred. The net defined benefit cost of the pension scheme is therefore recognised fully by the ultimate controlling party.

Defined contribution plans

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

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

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

1.12 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.

1.13 Leases

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

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

Notes (continued)

1 Accounting policies (continued)

1.13 Leases (continued)

As a lessee (continued)

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Company has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Company applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company assesses whether there is a lease modification.

Notes (continued)

1 Accounting policies (continued)

1.14 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first out principle.

1.15 Consolidation

The consolidated accounts incorporate the accounts of the company and all group undertakings. Intra-group balances are eliminated in preparing the consolidated financial statements

1.16 Administrative Expenses

Administrative expenses are accounted for on an accruals basis.

1.17 New standards effective from 01 January 2020

In 2020, there was an amendment to IFRS 16 "COVID-19-Related Rent Concessions" detailed in Note 1.13 & Note 22b to the financial statements.

There are no further forthcoming standards that would have a material impact on the financial statements.

2 Revenue

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition.

	2020 £000	2019 £000
Major products/service lines		
Tour revenue	581	4,271
Optional sales	7	73
Management Services	3,081	4,416
Sales of Stock	-	4
Sales of Tourism Services	11	102
Total	3,680	8,866
	2020 £000	2020 £000
Primary geographical markets		
Australia	357	2,087
USA	87	963
UK/Guernsey	3,138	4,716
New Zealand	12	164
Canada	60	648
Europe	14	142
South Africa	6	108
Asia	6	38
Total	3,680	8,866
	2020 £000	2019 £000
Timing of transfer of goods or services		
Products and services transferred at a point in time	18	179
Products and services transferred over time	3,662	8,687
Total	3,680	8,866

Notes (continued)

3 Other Income

Included in other income are the following:

	2020 £	2019 £
UK Government payroll support	394,382	-
Lease Concessions received	8,869	-
	<u>403,251</u>	<u>-</u>

Amounts of £394,382 (2019: £Nil) were received as part of the UK Government payroll support scheme due to the impact of COVID-19 on the travel sector. There are no conditions or requirements attached to the amounts received so they have been recognised as they fall due. The grant was recognised in profit and loss in full and presented in other income when it became receivable.

4 Expenses and auditor's remuneration

Included in profit are the following:

	2020 £	2019 £
Depreciation and other amounts written off:		
Leasehold Property - ROU Asset	232,549	232,017
Office Equipment	88,829	92,487
Computer Equipment	41,235	12,435
Operating lease payments:		
Office equipment	3,119	3,675
Land and buildings	-	-
Loss on disposal of fixed assets	-	2,925
Loss on foreign currency translation	(967)	3,056
	<u></u>	<u></u>

Auditor's remuneration:

	2020 £	2019 £
Audit	19,658	27,000
Other (ABTA)	2,144	2,000
	<u></u>	<u></u>

Notes (continued)

5 Staff numbers and costs

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

	2020 Number	2019 Number
Administrative staff	26	29
Operations staff	19	23
	<u>45</u>	<u>54</u>

The aggregate personnel expenses of the above were:

	2020 £	2019 £
Wages and salaries	1,757,961	2,240,576
Compulsory social security contributions	182,175	236,586
Contribution to defined contribution plans	177,245	215,236
	<u>2,117,381</u>	<u>2,692,418</u>

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

	2020 £	2019 £
Directors' emoluments	237,242	315,785
Pension contribution	21,333	21,132
	<u>258,575</u>	<u>336,917</u>

There are retirement benefits accruing to two directors under a defined benefit scheme (2019: two).

6 Finance income and expense

	2020 £	2019 £
Interest income on cash deposits	858	5,767
Interest expense	(1,614)	(227)
Interest expense on lease liability	(13,971)	(15,796)
	<u></u>	<u></u>

Notes (continued)

7 Taxation

Recognised in the statement of total comprehensive income

	2020 £	2019 £
<i>Current tax expense</i>		
Current year	120,915	152,398
Under provision in prior year	8,864	(23)
	<u>129,779</u>	<u>152,375</u>
<i>Deferred tax expense</i>		
Origination and reversal of timing differences	21,303	(2,709)
Effect of decreased tax rate	-	-
	<u>21,303</u>	<u>(2,709)</u>
Total tax in statement of total comprehensive income	<u>151,082</u>	<u>149,666</u>

Reconciliation of effective tax rate

	2020 £	2019 £
Profit before tax	<u>655,561</u>	<u>721,437</u>
Tax using the UK corporation tax rate of 19% (2019: 19%)	124,557	137,073
Under provision of tax of prior year	8,864	(23)
Under provision of tax in years	-	3,595
Reduction in tax rate on deferred tax balance	-	-
Depreciation of non-qualifying assets	5,451	4,885
Deferred Taxation	-	-
Expenses not deductible for tax purposes	3,252	4,136
Lease Amortisation Disallowable	44,184	-
Lease Payments Allowable	(35,226)	-
	<u>151,082</u>	<u>149,666</u>

8 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)

9 Property, plant and equipment - Group

	Short leasehold property £	Computer equipment £	Motor vehicles £	Office equipment £	Total £
Cost					
Balance at 1 January 2019	785,777	150,438	10,700	138,907	1,085,822
Recognition of right-of-use assets on initial application of IFRS16	1,038,851	-	-	-	1,083,851
Adjusted balance at 1 January 2019	1,824,628	150,438	10,700	138,907	2,124,673
Transfer of balance to Office Equipment	(785,777)	-	-	785,777	-
Additions	-	7,923	-	19,221	27,144
Disposals	-	-	-	(4,703)	(4,703)
Balance at 31 December 2019	1,038,851	158,361	10,700	939,202	2,147,114
Balance at 1 January 2020	1,038,851	158,361	10,700	939,202	2,147,114
Additions	159,914	162,984	-	-	322,898
Disposals	-	-	-	-	-
Balance at 31 December 2020	1,198,765	321,345	10,700	939,202	2,470,012
Depreciation					
Balance at 1 January 2019	238,273	128,306	8,562	78,792	453,933
Right-of-use Depreciation charge for the year	232,017	-	-	-	232,017
Transfer of balance to Office Equipment	(238,273)	-	-	238,273	-
Depreciation charge for the year	-	12,435	-	92,487	104,922
Disposals	-	-	-	(1,778)	(1,778)
Balance at 31 December 2019	232,017	140,741	8,562	407,774	789,094
Balance at 1 January 2020	232,017	140,741	8,562	407,774	789,094
Right-of-use Depreciation charge for The year	232,549	-	-	-	232,549
Depreciation charge for the year	-	41,235	-	88,829	130,064
Disposals	-	-	-	-	-
Balance at 31 December 2020	464,566	181,976	8,562	496,603	1,151,707
Net book value					
At 31 December 2018	547,504	22,132	2,138	60,115	631,889
At 31 December 2019	806,834	17,620	2,138	531,428	1,358,020
At 31 December 2020	734,199	139,369	2,138	442,599	1,318,305

Notes (continued)

9 Property, plant and equipment – Group (continued)

At 31 December 2020 property, plant and equipment includes right-of-use assets as follows:

	Leasehold property £	Computer equipment £	Motor vehicles £	Office equipment £	Total £
Right-of-use asset At 31 December 2020	734,199	-	-	-	734,199

10 Deferred tax – Group

Deferred tax liability

Deferred tax liability attributable to the following:

	2020 £	2019 £
Property, plant and equipment	(25,377)	(313)

Movement in deferred tax during the year

	£
At 1 January 2019	(3,022)
Recognised in the statement of comprehensive income	2,709
At 31 December 2019	(313)
At 1 January 2020	(313)
Recognised in the statement of comprehensive income	25,064
At 31 December 2020	(25,377)

Notes (continued)

11 Investments - Company

Company – investment in subsidiary undertakings

Cost and net book value	£
At 1 January 2020 and 31 December 2020	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	Class of shares held	Ownership %	
			2020	2019
Contiki Travel (UK) Limited	Tour operator	Ordinary	100	100
Contiki Services Limited	Operational and data processing services	Ordinary	100	100

The registered office address of both of these subsidiaries are Wells House, 15 Elmfield Road, Bromley, Kent, BR1 1LS.

12 Inventories

	2020	2019
	£	£
Finished goods	26,805	25,343

Notes (continued)

13 Amounts 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		Total
	2020	2019	2020	2019	2020
	£	£	£	£	£
Parent company	4,188,576	3,861,750	140,000	140,000	4,328,576
Others	174	3,272	-	-	174
	<u>4,188,750</u>	<u>3,865,022</u>	<u>140,000</u>	<u>140,000</u>	<u>4,328,750</u>

14 Trade and other receivables - Group

	2020	2019
	£	£
VAT	18,227	1,358
Other debtors	34,021	55,989
Prepayments	119,062	84,603
	<u>171,310</u>	<u>141,950</u>

15 Cash and cash equivalents - Group

	2020	2019
	£	£
Cash and cash equivalents per statement of financial position and statement of cash flow	<u>444,772</u>	<u>575,100</u>

16 Trade and other payables < 1 year

	2020	2019
	£	£
Amounts due to related parties - group other	306,957	234,475
Trade payables	8,108	228,762
PAYE and social security	55,269	62,417
Accruals	133,713	157,255
Deferred income	-	113,760
Loans and borrowings	234,380	215,031
Corporation tax	113,439	144,188
VAT	477	10,627
Total Trade and other payables < 1 year	<u>852,343</u>	<u>1,166,517</u>

Notes (continued)

17 Trade and other payables > 1 year

	2020 £	2019 £
Loans and borrowings	583,078	613,942
Deferred Tax	25,377	313
	<u>608,455</u>	<u>614,255</u>

18 Employee benefits

Pension plans

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

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

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

To deal with the deficit, the participating employers have agreed to pay deficit contributions of £19,218 per month from July 2020 to July 2021 and £922,488 per annum with effect from 1 August 2021, apart from the year from 1 August 2022 where contributions will be £1,844,976 per annum (2019: £861,000 per annum) in order to eliminate the shortfall by 30 November 2030.

During the year ended 31 December 2020 £93,592 was charged against profits in respect of the defined benefit scheme (2019: £124,258) and £67,053 was charged against profits in respect of the defined contribution scheme (2019: £70,344). The contribution paid by the entity has been estimated based on the membership of the scheme at the date that future accrual ceased and adjusted for length of membership of the company if appropriate.

The scheme holds 14% (as at the balance sheet date) (2019: 15%) of its invested assets in long-dated gilts, which reduce the scheme's interest-rate risk by approximately 11% (2019: 16%).

Plan assets consist of the following:

	2020 £000	2019 £000
Present value of funded defined benefit obligations	44,773	40,988
Fair value of plan assets	(30,230)	(27,344)
	<u>14,543</u>	<u>13,644</u>

Net liability

Notes (continued)

18 Employee benefits (continued)

Movement in the present value of the defined benefit obligation:

	2020 £000	2019 £000
Liability for defined benefit obligations at 1 January	40,988	36,468
Interest cost	811	1,008
Benefits paid by the plan	(843)	(956)
Actuarial (gains)/losses recognised in equity	3,817	4,468
	<hr/>	<hr/>
Liability for defined benefit obligations at 31 December	44,773	40,988
	<hr/>	<hr/>

Movement in fair value of plan assets:

	2020 £000	2019 £000
Fair value of plan assets at 1 January	27,344	22,651
Interest income	544	637
Employer contributions	571	1,145
Benefits paid by the plan	(843)	(956)
Actuarial (losses)/gains recognised in equity	2,614	3,867
	<hr/>	<hr/>
Fair value of plan assets at 31 December	30,230	27,344
	<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

	2020 £000	2019 £000
Interest cost	267	371
	<hr/>	<hr/>
	267	371
	<hr/>	<hr/>

Plan assets consist of the following:

	2020 £000	2019 £000
Equity securities	22,952	21,182
Bonds	5,672	4,650
Property	1,263	740
Cash	343	772
	<hr/>	<hr/>
	30,230	27,344
	<hr/>	<hr/>

Notes (continued)

18 Employee benefits (continued)

	2020 £000	2019 £000
Interest credit (on plan assets)	544	637
Actual return on plan assets	3,157	4,504

Actuarial assumptions:

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

	2020 %	2019 %
Discount rate	1.3	2.0
Future salary increases	3.0	3.2
Future pension increases on benefits accrued from 1997 to 2008	3.6	3.7
Future pension increases on benefits accrued post 2008	2.9	3.1
Rate of increase on deferred pensions	2.3	2.4
Retail Price Inflation - pre-retirement	3.0	3.2
Retail Price Inflation - post-retirement	3.0	3.3
Consumer Price Inflation - pre-retirement	2.3	2.4

History of plans

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

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Present value of the defined benefit obligation	(44,773)	(40,988)	(36,468)	(44,689)	(44,327)
Fair value of plan assets	30,230	27,344	22,651	27,331	25,295
Deficit in the plan	(14,543)	(13,644)	(13,817)	(17,358)	(19,032)
Experience adjustments on plan liabilities	1.3%	1.6%	1.4%	2.5%	0.4%
Experience adjustments on plan assets	8.6%	14.1%	(8.0%)	5.5%	10.9%

Notes (continued)

19 Share capital

Group and Company

	2020	2019
	£	£
<i>Allotted, called up and fully paid</i>		
200,000 ordinary shares of £1 each	200,000	200,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

20 Financial Instruments

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

- to finance its operations;
- to manage its exposure to interest risk from its operations and from its sources of finance; and
- 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:

Notes (continued)

20 Financial instruments (continued)

	2020 £	2019 £
Prepayments	119,062	84,603
Amounts due from related parties	4,328,750	4,005,022
	<u>4,447,812</u>	<u>4,089,625</u>

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.

The Travel Corporation Limited (the ultimate controlling party) has confirmed it will provide financial support to the Company for twelve months from the date of approval of these financial statements in order to ensure the Company has the ability to meet its financial obligations and commitments as and when they fall due. The financial statements have therefore been prepared on a going concern basis.

Exposure to liquidity risk

Payables mainly relate to trade payables, corporation tax and accruals. All trade payables of £8,108 (2019: £228,762) 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 cash into a current account with Barclays Bank in the UK which pays credit interest at a rate equal to 2.5% below the Bank of England Base Rate. Interest earned therefore closely follows movements in Bank of England base rate. As Base Rate was below 2.5% at year end, the account currently pays a minimum rate of 0.01% (2019: 0.04%). A movement of 1 per cent on this rate would result in a difference in annual pre-tax profit of £3,985 (2019: £4,166) based on the balance in the account at 31 December 2020.

Foreign currency risk

Financial risk management

The Group is exposed to foreign exchange risk in respect of transactions involving the Euro, AUD, ZAR & USD. 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):

	AUD	ZAR	USD	2020 EUR
Trade debtors	-	-	-	1,377
Amounts due to related parties	-	-	-	(206)
Cash and cash equivalents	-	-	-	23,737
Trade payables	-	-	(435)	(9,415)
	<u>-</u>	<u>-</u>	<u>(435)</u>	<u>15,493</u>
Net exposure	-	-	(435)	15,493

Notes (continued)

20 Financial instruments (continued)

	AUD	ZAR	NZD	2019 EUR
Trade debtors	6,244	741	1,855	10,530
Amounts due to related parties	-	-	-	(22,682)
Cash and cash equivalents	-	-	-	97,176
Trade payables	-	-	-	(91,410)
Net exposure	6,244	741	1,855	(6,386)

The following significant exchange rates applied during the year:

	Contracted rate 2020	2019	Reporting date spot rate 2020	2019
EUR	1.0988	1.0888	1.1174	1.1818
NZD	2.2944	2.2216	1.8992	1.9672
CAD	1.9100	1.9653	1.7426	1.7197
ZAR	20.6389	20.0775	20.0145	18.5457
AUD	2.0766	2.0369	1.7726	1.8874
USD	1.46905	1.50811	1.3663	1.3268

Sensitivity analysis

A 10% weakening in the Pound against the currencies above would increase equity and profit at the 2020 year-end by £1,506 (2019: increase £245).

	2020 £	2019 £
USD	(44)	186
AUD	-	624
CAD	-	-
ZAR	-	-
NZD	-	74
EUR	1,549	(639)
	1,505	245

A 10% strengthening in the Euro against the Pound would decrease equity and profit at the 2020 year-end by £1,549 (2019: increase £639). 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)

22 Leases (continued)

22 (a) Leases as a lessee (IFRS 16) (continued)

Amounts recognised in profit or loss

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

	2020 £	2019 £
Leases under IFRS 16		
Interest expense on lease liabilities	13,971	15,795

	2020	2019
Leases under IFRS 16		
Lease expense	232,549	232,017
	<u>232,549</u>	<u>232,017</u>

Amounts recognised in statement of cash flows

	2020 £	2019 £
Total cash outflow for leases	<u>176,532</u>	<u>225,673</u>

The following table sets out a maturity analysis of lease payments to be made, showing the undiscounted lease payments to be made after the reporting date:

	£ 2020	£ 2019
Finance leases under IFRS 16		
Less than one year	234,380	215,030
Between one and two years	238,481	201,557
Between two and three years	151,669	205,084
Between three and four years	184,190	117,687
Between four and five years	8,738	89,615
More than five years	-	-
	<u>817,458</u>	<u>828,973</u>

Notes (continued)

22 Leases (continued)

22 (b) Rent Concessions

The Company negotiated rent concessions with its landlords for one of the three property leases (RNH premises) as a result of the severe impact of the COVID-19 pandemic during the year.

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Company has applied the practical expedient for COVID-19-related rent concessions is £8,870 (2019: nil).

The Company also negotiated a rent deferral with its landlords for one of the three property leases (Wells House) as a result of the severe impact of the COVID-19 pandemic during the year. The deferred rent will be settled either at the end of the lease or deducted against Early Termination Settlement if issued.

The amount recognised in balance sheet for the reporting period to reflect the rent deferral is £60,000 (2019: nil).

23 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to interest rate and foreign currency risk.

	2020 £	2019 £
Non-current liabilities		
Lease liabilities	583,078	613,942
	<u>583,078</u>	<u>613,942</u>
Current liabilities		
Current portion of lease liabilities	234,380	215,031
	<u>234,380</u>	<u>215,031</u>

Notes (continued)

24 Related party transactions

Identity of related parties with which the Company has transacted

Other related parties are composed of other group companies. Services received by the company from other related parties are Management Services, Sales Services and 1% GSA Guarantee. Service provided by the company to the other related parties are Tour Operation Services.

Other related party transactions

	Sales to Related Parties		Administrative expenses incurred from Related Parties	
	2020	2019	2020	2019
	£	£	£	£
Contiki Tours International Ltd-922	-	-	-	278,689
Contiki Holidays (NZ) Ltd-520	12,225	-	2,277	39,510
Contiki Holidays (Canada) Limited-820	59,628	-	9,826	214,743
Contiki Holidays Ltd -226	53,490	-	6,390	59,753
Trafalgar Tours (Pty) Ltd-300	6,161	-	829	21,790
The Travel Corporation (2011) Pte Ltd-630	5,614	-	808	14,109
Contiki Holidays (Australia) Pty Ltd-420	356,754	-	75,860	502,256
Contiki (US) Holdings Inc-720	86,676	-	15,325	189,172
TTC Travel Group-963	3,080,972	4,324,224	-	-
Contiki Holidays Ltd - 226	-	92,136	-	-
TravCorp Investments Limited-967	-	-	33,433	180,103
Evan Evans Tours Ltd-033	-	-	6,692	32,479
	<u>3,661,520</u>	<u>4,416,360</u>	<u>151,440</u>	<u>1,532,604</u>

Bankers have supplied bonds totalling £262,500 (2019: £555,000) 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 25.

25 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.

26 Post Balance Sheet Events

There are no forthcoming events that will have a material impact on the financial statements.