

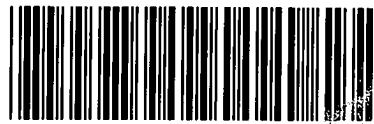
Insight Travel Services Limited

Annual report and financial statements

Registered number 1970858

For the year ended 31 December 2017

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Contents

	Page
Strategic report	1
Directors' report	2
Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements	3
Independent auditor's report to the members of Insight Travel Services Limited	4
Statement of comprehensive income	6
Statement of changes in equity	7
Statement of financial position	8
Statement of cash flows	9
Notes	10

Strategic report

The directors present their annual strategic report, directors' report and the audited financial statements for the year ended 31 December 2017.

Principal activity

The principal activity of the company is the provision of administrative services.

Performance of the business

Both the level of business and the year-end financial position were considered satisfactory and the directors expect that the present level of activity will be maintained for the foreseeable future.

The profit for the year, after taxation, was £270,845 (2016: £274,338)

No dividend was paid during the year (2016: £nil).

Key performance indicators

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

Principal risks and uncertainties


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

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

Future developments

The directors aim to maintain the management policies which have resulted in the Company's results for the year. The directors believe that acceptable levels of operating profitability will be delivered in 2018.

By order of the board



Derek Howie
Director

14 Grosvenor Place
London
SW1X 7HH
24 June 2018

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2017.

Financial instruments

Details of the company's financial risk management objectives and policies are included in note 16 to the financial statements.

Directors and directors' interests

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

Derek Howie

Annaliesa Chapman (resigned 19 February 2018)

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

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

By order of the board



Derek Howie
Director

14 Grosvenor Place
London
SW1X 7HH

21 June 2018

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

One Saint Peter's Square

Manchester

M2 3AE

Independent auditor's report to the members of Insight Travel Services Limited

Opinion

We have audited the financial statements of Insight Travel Services Limited ("the company") for the year ended 31st December 2017 which comprise the Statement of comprehensive income, Statement of changes in equity, Statement of financial position, Statement of cash flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

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

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

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

Independent auditor's report to the members of Insight Travel Services 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 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

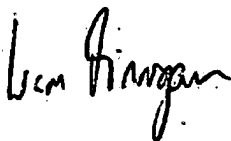
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the 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 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 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.



Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Saint Peter's Square
Manchester
M2 3AE

21 June 2018

Statement of comprehensive income
for the year ended 31 December 2017

	<i>Note</i>	2017 £	2016 £
Revenue	2	3,150,831	3,066,696
Cost of sales		(2,810,136)	(2,715,560)
Operating profit	3,4	340,695	351,136
Finance income	6	548	2,057
Profit before tax		341,243	353,193
Taxation	7	(70,398)	(78,855)
Profit for the year		270,845	274,338
Total comprehensive income for the year		270,845	274,338

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

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

The notes on pages 9 to 21 form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2017


	Share premium £	Share capital £	Retained Earnings £	Total £
At 1 January 2016	17,145,100	40,000	(14,006,666)	3,178,434
Total comprehensive income for the year	-	-	274,338	274,338
At 31 December 2016	17,145,100	40,000	(13,732,328)	3,452,772
Total comprehensive income for the year	-	-	270,845	270,845
At 31 December 2017	<u>17,145,100</u>	<u>40,000</u>	<u>(13,461,483)</u>	<u>3,723,617</u>

The notes on pages 9 to 21 form an integral part of these financial statements.

Statement of financial position
as at 31 December 2017

	Note	2017 £	2016 £
Non-current assets			
Plant and equipment	8	72,847	99,131
Deferred tax-asset	12	27,192	26,028
		<u>100,039</u>	<u>125,159</u>
Current assets			
Amounts due from related parties	9	2,124,338	1,361,223
Trade and other receivables	10	52,838	63,514
Cash and cash equivalents	11	1,831,901	2,334,159
		<u>4,009,077</u>	<u>3,758,896</u>
Total assets		<u>4,109,116</u>	<u>3,884,055</u>
Current liabilities			
Amounts due to related parties	13	(25,854)	(74,474)
Trade and other payables	14	(287,984)	(280,545)
Tax payable		(71,661)	(76,264)
		<u>(385,499)</u>	<u>(431,283)</u>
Total liabilities		<u>(385,499)</u>	<u>(431,283)</u>
Net assets		<u>3,723,617</u>	<u>3,452,772</u>
Equity			
Share capital	19	40,000	40,000
Share premium		17,145,100	17,145,100
Retained loss		(13,461,483)	(13,732,328)
Total Equity		<u>3,723,617</u>	<u>3,452,772</u>

These financial statements were approved by the board of directors on 21 June 2018 and were signed on its behalf by:



Derek Howie
Director

The notes on pages 9 to 21 form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2017

	<i>Note</i>	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		270,845	274,338
<i>Adjustments for:</i>			
Depreciation	8	40,716	46,723
Finance income	6	(548)	(2,057)
Taxation expense	7	70,398	78,855
		<hr/>	<hr/>
		381,411	397,859
(Increase)/decrease in trade and other receivables		(752,439)	1,558,895
Decrease in trade and other payables		(41,181)	(1,048,437)
		<hr/>	<hr/>
		(412,209)	908,317
Taxation paid		(76,165)	(71,378)
		<hr/>	<hr/>
Net cash (used in) / generated from operating activities		(488,374)	836,939
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received		548	2,057
Acquisition of plant and equipment		(14,432)	(3,450)
		<hr/>	<hr/>
Net cash used in investing activities		(13,884)	(1,393)
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(502,258)	835,546
Cash and cash equivalents at 1 January	11	2,334,159	1,498,613
		<hr/>	<hr/>
Cash and cash equivalents at 31 December	11	1,831,901	2,334,159
		<hr/>	<hr/>

The notes on pages 9 to 21 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Insight Travel Services Limited ("the company") is a company incorporated in the UK. The registered number of 01970858 and the registered address is 14 Grosvenor Place, London, SW1X 7HH.

The company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), and under historical cost accounting rules.

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

Going concern

The directors have a reasonable expectation that the company 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 on-going 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. The company 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 the provision of administrative services. All revenue excludes value added tax.

Non-derivative financial instruments

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

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances 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.

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

1 Accounting policies (continued)

Intra-group financial instruments

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

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 Insight Travel 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.

Defined contribution plans

From 1 May 2004 the company participated in a group defined contribution scheme, open to all employees subject to scheme rules. 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 comprehensive income as incurred.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

Short leasehold property	10% on cost
Fixtures and fittings	10% - 25% on cost
Motor Vehicles	20% on cost

Taxation

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

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

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

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

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

1 Accounting policies (continued)

Expenses

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

Finance income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, interest receivable on funds invested and dividend income that are recognised in the statement of comprehensive income.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established.

Capital management

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

The company has no external debt as at 31 December 2017 and is not subject to externally imposed capital requirements; management of capital therefore focuses around its ability to generate cash from its operations.

New standards and interpretations not yet adopted

The Company has adopted the following standards, amendments and interpretations during the year which have not had a significant impact on the Company's results;

- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS16 and IAS38
- Annual Improvement to IFRSs – 2015-2017 Cycle
- Disclosure Initiative – Amendments to IAS 1

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements.

- IFRS 9 Financial Instruments will be applicable for periods beginning after 1 January 2019, it was introduced in 2014 as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. We do not expect this new standard to have a material impact on the financial statements.
- IFRS 15 Revenue from Contracts with Customers is mandatory for financial years commencing on or after 1 January 2018. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard introduces a five-step approach to the timing of revenue recognition based on performance obligations in customer contracts. This new standard applies to all contracts with customers except those that are financial instruments, leases or insurance contracts and will result in increased disclosure requirements. Based on our assessment to date on each revenue stream we do not expect the new standard to have a material impact on the financial statements.
- IFRS 16 Leases will be applicable after 1 January 2019. This standard will significantly affect the presentation of the Group financial statements with all leases apart from short term leases being recognised as on-balance sheet finance leases with a corresponding liability being the present value of lease payments. The Group will adopt the modified retrospective approach for all eligible leases, whereby the liability will be calculated based on the remaining lease cash flows at the transition date and set the asset and liability equal to that amount. We are currently in the process of collating all lease agreements in place across the Group in order to assess the expected impact of this new standard on both the Statement of Financial Position and the Statement of Comprehensive Income.

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

2 Revenue

The turnover and pre-tax result are wholly attributable to the company's main activity, being the provision of data processing, administration and other services to other group companies.

3 Expenses and auditor's remuneration

Included in profit are the following:

	2017 £	2016 £
Depreciation	40,716	46,723
Operating leases – property rental and cars	101,549	109,708
Auditor's remuneration - Audit of these financial statements	19,500	18,000
	<u> </u>	<u> </u>

4 Staff numbers and costs

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

	Number of employees	
	2017	2016
Administration	54	54
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	1,470,412	1,420,505
Social security costs	139,565	133,475
Other pension costs	259,322	255,395
	<u> </u>	<u> </u>
	1,869,299	1,809,375
	<u> </u>	<u> </u>

5 Remuneration of directors

	2017 £	2016 £
Directors' emoluments	121,895	113,396
	<u> </u>	<u> </u>

Retirement benefits are accruing to the following number of directors under:

	Number of directors	
	2017	2016
Defined contribution schemes	2	2
Defined benefit schemes	1	1
	<u> </u>	<u> </u>

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

6 Finance income

	2017 £	2016 £
Bank interest receivable	548	2,057

7 Taxation

Recognised in the statement of comprehensive income

	2017 £	2016 £
<i>Current tax expense</i>		
Current year	71,562	76,288
<i>Deferred tax expense</i>		
Fixed asset timing differences	(1,164)	2,567
	(1,164)	2,567
Total tax in statement of comprehensive income	70,398	78,855

Reconciliation of effective tax rate

	2017 £	2016 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	341,243	353,193
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	65,689	70,639
<i>Effects of:</i>		
Non-deductible expenses	1,278	4,010
Depreciation on non-qualifying assets	3,531	4,182
Adjustments to prior year	(100)	24
Total tax in statement of comprehensive income	70,398	78,855

A reduction 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 to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

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

8 Property, Plant and Equipment

	Short leasehold property £	Office equipment, fixtures & fittings £	Total £
<i>Cost</i>			
Balance at 1 January 2016	151,474	271,454	422,928
Acquisitions	2,400	1,050	3,450
Disposals	-	(99,603)	(99,603)
Transfers	12,970	(12,970)	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	166,844	159,931	326,775
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2017	166,844	159,931	326,775
Acquisitions	3,804	10,628	14,432
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	170,648	170,559	341,207
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
Balance at 1 January 2016	115,583	164,941	280,524
Depreciation charge for the year	15,388	31,335	46,723
Disposals	-	(99,603)	(99,603)
Transfers	5,527	(5,527)	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	136,498	91,146	227,644
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2017	136,498	91,146	227,644
Depreciation charge for the year	13,488	27,228	40,716
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	149,986	118,374	268,360
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2016	30,346	68,785	99,131
	<hr/>	<hr/>	<hr/>
At 31 December 2017	20,662	52,185	72,847
	<hr/>	<hr/>	<hr/>

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

9 Amounts due from related parties

	2017 £	2016 £
<i>Other Group Companies</i>		
Travcorp Management Services Limited	481,289	488,405
Travcorp UK Ltd	266,573	120,875
AAT Kings Tours (UK) Ltd	64,235	68,002
Insight International Tours Limited	11,855	11,855
Insight Travel Group Limited	455,262	277
Radical Travel Group Limited	254,776	149,383
TTC Group Services Ltd	368	-
Evan Evans Tours Limited	217,035	165,976
Tracoin Services Limited	197,404	222,184
Contiki Services Limited	134,919	133,501
Shamrock Adventures Ltd	19	-
TTC Travel Group Ltd	40,603	-
Red Carnations Limited	-	765
	<u>2,124,338</u>	<u>1,361,223</u>

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

The company's exposure to credit risk and impairment losses related to amounts due from related parties is disclosed in note 16.

10 Trade and other receivables

	2017 £	2016 £
Other trade receivables and prepayments	52,838	43,983
VAT receivable	-	19,531
	<u>52,838</u>	<u>63,514</u>

11 Cash and cash equivalents

	2017 £	2016 £
Cash and cash equivalents	<u>1,831,901</u>	<u>2,334,159</u>

The company's exposure to interest and currency risks and a sensitivity analysis for financial assets and liabilities is disclosed in note 16.

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

12 Deferred tax assets

Recognised deferred tax asset

The deferred tax asset account consists of the tax effect and timing differences in respect of excess of taxation allowances over depreciation on plant and equipment.

The movement in the deferred taxation during the year:

	2017 £	2016 £
At 1 January	26,028	23,244
Recognised in statement of comprehensive income	1,164	2,567
Adjustments to prior year	-	217
	<hr/>	<hr/>
At 31 December	27,192	26,028
	<hr/>	<hr/>

13 Amount due to related parties

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

	2017 £	2016 £
Insight Vacations Limited	2,824	6,922
Kelburn Property Limited	22,740	-
Brendan Vacations Ltd	-	302
TTC Travel Group Limited	-	65,366
Trafalgar Tours Limited	290	1,884
	<hr/>	<hr/>
	25,854	74,474
	<hr/>	<hr/>

The company's exposure to liquidity risk related to amounts due to related parties is disclosed in note 16.

14 Trade and other payables

	2017 £	2016 £
Trade payables	58,471	146,631
Other payables and accruals	42,703	29,441
PAYE and social security	72,435	-
Pension fund	110,098	104,473
Other	4,277	-
	<hr/>	<hr/>
	287,984	280,545
	<hr/>	<hr/>

The company's exposure to liquidity risk related to trade and other payables is disclosed in note 16.

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

15 Pension scheme

Pension plans

The company 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.

During the year ended 31 December 2017 £113,012 was charged against profits in respect of the defined benefit scheme (2016: £113,012) and £168,034 was charged against profits in respect of the defined contribution scheme (2016: £158,809).

Plan assets consist of the following:

	2017 £000	2016 £000
Present value of funded defined benefit obligations	44,689	44,327
Fair value of plan assets	(27,331)	(25,295)
Net liability	<u>17,358</u>	<u>19,032</u>

Movement in the present value of the defined benefit obligation:

	2017 £000	2016 £000
Liability for defined benefit obligations at 1 January	44,327	34,802
Interest cost	1,140	1,279
Benefits paid by the plan	(964)	(489)
Actuarial losses/(gains) recognised in equity	186	8,735
Liability for defined benefit obligations at 31 December	<u>44,689</u>	<u>44,327</u>

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

15 Pension scheme (continued)

Movement in fair value of plan assets:

	2017 £000	2016 £000
Fair value of plan assets at 1 January	25,295	21,402
Interest income	656	799
Employer contributions	834	820
Benefits paid by the plan	(964)	(489)
Actuarial gains/(losses) recognised in equity	1,510	2,745
	<hr/>	<hr/>
Fair value of plan assets at 31 December	27,331	25,295
	<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

	2017 £000	2016 £000
Interest cost	484	480
	<hr/>	<hr/>
	484	480
	<hr/>	<hr/>

Plan assets consist of the following:

	2017 £000	2016 £000
Equity securities	16,220	10,970
Bonds	8,348	10,331
Property	2,130	3,438
Cash	633	556
	<hr/>	<hr/>
	27,331	25,295
	<hr/>	<hr/>

	2017 £000	2016 £000
Interest credit (on plan assets)	656	799
Actual return on plan assets	2,166	3,544
	<hr/>	<hr/>

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

15 Pension scheme (continued)

Actuarial assumptions:

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

	2017 %	2016 %
Discount rate	2.4	2.6
Future salary increases	3.1	3.3
Future pension increases on benefits accrued from 1997 to 2008	3.8	3.8
Future pension increases on benefits accrued post 2008	3.3	3.3
Rate of increase on deferred pensions	2.1	2.3
Retail Price Inflation - pre-retirement	3.1	3.3
Retail Price Inflation - post-retirement	3.5	3.6
Consumer Price Inflation - pre-retirement	2.1	2.3

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

	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000
Present value of the defined benefit obligation	(44,689)	(44,327)	(34,802)	(36,797)	(30,474)
Fair value of plan assets	27,331	25,295	21,420	21,248	20,100
Deficit in the plan	(17,358)	(19,032)	(13,382)	(15,549)	(10,374)
Experience adjustments on plan liabilities	2.5%	0.4%	1.0%	(0.3%)	(0.3%)
Experience adjustments on plan assets	5.5%	10.9%	(1.3%)	0.4%	8.6%

16 Financial risk management objectives and policies

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

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

Credit risk

The company has no external credit risk at the year end. The intercompany balances are not considered to represent a significant credit risk by the directors.

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

16 Financial risk management objectives and policies (continued)

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 maximum exposure at the reporting date was:

	2017 £	2016 £
Amounts due from related parties	2,124,338	1,361,223
Cash and cash equivalents	1,831,901	2,334,159
	<hr/>	<hr/>
	3,956,239	3,695,382
	<hr/>	<hr/>

Liquidity risk

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

Trade and other payables £287,984 (2016: £280,545) and amounts due to related parties £25,854 (2016: £74,474) are payable within six months of the year end.

Interest rate risk

The company invests its cash in a range of cash deposit accounts with UK Banks. Interest earned therefore closely follows movements in Bank of England base rates. A movement of 1% in this rate would result in a difference in annual pre-tax profit of £23,342 based on company cash, cash equivalents and financial instruments at 31 December 2017.

Foreign exchange risk

The company is not exposed to any foreign exchange risks.

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.

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £	2016 £
Less than one year	101,549	109,086
Between two and five years	293,555	37,498
	<hr/>	<hr/>
	395,104	146,584
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The company has entered into two short term leases in respect of properties it occupies. One of these leases is held with group undertakings for a ten year period with a rent review held after 5 years and is due to be reviewed on 1 January 2017.

During the year was £95,800 recognised as an expense in the statement of comprehensive income in respect of operating leases for land and buildings (2016: £101,073).

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

18 Related party transactions

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

	2017 £	2016 £
<i>Rent:</i>		
No Limits Limited	20,000	25,063
Kelburn Properties Limited	75,800	76,011
	<u>95,800</u>	<u>101,074</u>

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

	2017 £	2016 £
<i>Revenue:</i>		
Radical Travel Group Limited	142,600	40,612
Travcorp Management Services Limited	139,100	142,600
Travcorp UK Limited	66,750	48,900
Tracoin Services Limited	17,924	38,600
Contiki Services Limited	2,500	2,500
Evan Evans Tours Limited	2,500	2,500
AAT Kings Tours (UK) Limited	55,500	61,700
TTC Travel Group Ltd	2,723,957	2,723,233
	<u>3,150,831</u>	<u>3,060,645</u>

19 Share capital

	2017 £	2016 £
<i>Authorised, allotted, called up and fully paid</i>		
40,000 Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

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 Ultimate Parent Company

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

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