

Kirker Travel Limited

Report and Financial Statements

Year Ended

31 December 2016

Company Number 01985696

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Kirker Travel Limited

Company Information

Directors	D Jones F Torrilla
Company secretary	S J Perez-Adamson
Registered number	01985696
Registered office	4 Waterloo Court 10 Theed Street London SE1 8ST
Independent auditors	PricewaterhouseCoopers LLP The Portland Building 25 High Street Crawley RH10 1BG

Kirker Travel Limited

Contents

	Pages
Strategic Report	1 - 2
Directors' Report	3 - 5
Independent Auditors' Report	6 - 7
Statement of Total Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10 - 11
Notes to the Financial Statements	12 - 29

Kirker Travel Limited

Strategic Report For the year ended 31 December 2016

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

Business activity and objectives

The Company's principal activity is that of a tour operator and its objective is to provide a first class delivery of a wide portfolio of holiday packages primarily in Europe but with other locations worldwide.

The Company is part of the Kuoni Travel Limited Group ('the Group').

Business review and future developments

Despite an extended period of economic uncertainty, the company showed a 3.8% increase in turnover. Italy continued to perform well with sales of £10.7m, an increase of 5.7%. Spain and Portugal were the most successful of the key, high revenue destinations with increases of 27% and 38% respectively. After a fall in sales of 50% in 2015, Russia performed exceptionally well in 2016 with sales of £500k, an increase of 150%; this was due to an increase in customer confidence and comprehensive marketing campaigns. Security fears continued to have a negative impact on sales to Turkey (-85%) and Morocco (-38%), with clients seeking warm sunshine in other Mediterranean countries such as Greece (+28%) and Croatia (+46%). Sales to France and Belgium fell by 4% and 47% respectively as a result of the terrorist attacks in Paris in November 2015, Nice in July 2016 and Brussels in March 2016. Many Central and Northern European destinations performed well in 2016 as the company continued to market the cultural interest in these countries; Iceland sales increased by 60%, Austria by 3%, Czech Republic by 3% and Sweden by 16%. The top 3 destinations of Italy, France and Spain accounted for 66% of sales (up from 64% in 2015). Cultural Tours & Music Holidays (escorted holidays) increased 20% to £3.53. The proportion of direct sales increased from 44.3% in 2015 to 46.5% in 2016.

The company's turnover was £28.8m for the year (2015: £27.8m).

Future developments plans include a new website which will allow more effective SEO and lead to an increase in direct revenue. The company will continue to monitor destination trends and develop and expand its product offering accordingly.

Principal risks and uncertainties

A corporate policy for managing risks is followed which involves regular disclosure covering all aspects of the business, including safety, environment, legal, financial and employees. Any material risks are evaluated and disclosed as they arise, and these are tracked and monitored until the risk is mitigated. The Company operates in a favourable liquidity position, whereby all cash is received prior to related costs being settled. Furthermore, the Company does not bear any credit risk as debts are settled pre-departure.

The decision to exit the European Union has led to some unknowns. In the short term there may be some impact to the business as customers adjust their spending patterns and in the longer term it may be affected by the outcome of the free-movement agreements reached during negotiations with the EU. However, we do not expect there to be a visa requirement implemented for travel across Europe, and even if there was, visas are not the hard stop for leisure travellers who can plan in advance as the many destinations that we currently feature with visa requirements have proven.

Geographic political and seasonal risks are mitigated where possible by having a wide and diverse range of products, hence the expansion into Culture Tours and Music Holidays to reduce the reliance on holiday packages.

The Company has exposure to the Euro as its direct costs are predominantly settled in this currency. The Company works to group guidelines, as specified by Kuoni Travel Limited, in hedging exposure to this currency to ensure the risk of adverse currency fluctuations is at a minimum.

Kirker Travel Limited

Strategic Report For the year ended 31 December 2016

Key performance indicators

The main key performance indicators used in managing the the performance of the Company include the analysis of revenue and associated margin. These are monitored on a weekly basis for each business against prior year actuals and the current year budget.

	2016	2015
Revenue	£28,830,538	£27,787,859
Gross profit margin	23.03%	25.63%

Results

The Company made a profit after tax of £2.2m (2015: £2.3m).

This report was approved by the board on 26/06/2017 and signed on its behalf.

F Torrilla
Director



Kirker Travel Limited

Directors' Report For the year ended 31 December 2016

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

Directors' responsibilities statement

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 the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Principal activity

The Company's principal activity as a tour operator continued during the year.

Results and dividends

The profit for the financial year, after taxation, amounted to £2,193,386 (2015: £2,301,556).

Dividends paid during the year comprise an interim dividend in respect of the year ended 31 December 2016 of £Nil (2015: £2,250,000). The directors do not recommend payment of a final dividend (2015: £nil).

Directors

The directors who served during the year were:

D Jones
F Torrilla

Kirker Travel Limited

Directors' Report (continued) For the year ended 31 December 2016

Future developments

Please refer to the Strategic Report business review for an overview on the future developments of the Company.

Charitable and political contributions

There were no political nor charitable contributions in the year (2015: £nil).

Financial instruments

Currency risk

The functional currency of the Group is sterling however the Group undertakes transactions in a number of currencies, principally US Dollars, Euros, UAE Dirhams and Thai Bhat. The Group's objective is to minimise the risk associated with foreign currencies and does so through the use of hedging through the medium of forward rate contracts. Within the Group structure there is a currency committee who meet to evaluate foreign exchange and currency risk regularly and are best placed to mitigate this risk across the Group.

Price risk

The Group has no equity investments therefore has no exposure to price risk.

Credit risk

The Group's principal financial assets are cash and trade debtors. The Group minimises credit risk by ensuring that customer bookings are paid for in advance of departure. In the event of a customer default the Group is able to cancel bookings at minimal/zero cost with airlines and hoteliers. The Group is also protected through ABTA and has suitable insurance policies in place in the event that a travel agent with credit terms failed to meet its liabilities as they fall due.

All cash is held by banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

The directors and management consider liquidity risk to be low. The Group has no external financing facilities and has appropriate cash reserves to meet its liabilities as they fall due. The Group also has the support of its ultimate parent Rewe Zentralfinanz EG. The Group manages its available liquid resources through a group cash pool arrangement with a fellow group company Rewe International Finance AG.

Qualifying third party and pension scheme indemnity provisions

The Group has indemnity provisions in place for two statutory directors at the date of approval of the Directors' Report.

Research and development activities

The Company did not undertake any research and development expenditure in the year.

Post balance sheet events

The directors are not aware of any material post balance sheet events which require disclosure in the financial statements.

Kirker Travel Limited

Directors' Report (continued) For the year ended 31 December 2016

Employees

The Company is an equal opportunities employer and all applications are treated on merit, regardless of sex, disability, religious belief, marital status, colour, race or ethnic origins. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Company continues and that appropriate training is arranged. The training, career development and promotion of disabled persons are, as far as possible, consistent with that of other employees.

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through regular staff involvement in departmental meetings and also through the medium of internal communications through the Company's internal PR team.

Existence of branches outside of the UK

The Company does not have any branches outside the UK as defined by section 1046 (3) of the Companies Act 2006.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

26/06/2017

and signed on its behalf.



F Torrilla
Director

Kirker Travel Limited

Independent Auditors' Report to the Members of Kirker Travel Limited

Report on the financial statements

Our opinion

In our opinion, Kirker Travel Limited's financial statements (the "financial statements"):

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

What we have audited

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Statement of Total Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Kirker Travel Limited

Independent Auditors' Report to the Members of Kirker Travel Limited

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

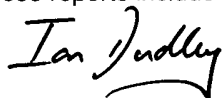
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Ian Dudley (senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
Gatwick

Date: 26 June 2017

Kirker Travel Limited

Statement of Total Comprehensive Income For the year ended 31 December 2016

	Note	2016 £	As restated* 2015 £
Turnover	4	28,830,538	27,787,859
Cost of sales		(22,190,353)	(20,665,184)
Gross profit		6,640,185	7,122,675
Administrative expenses		(4,005,082)	(4,396,591)
Other operating income		48,393	34,081
Operating profit	5	2,683,496	2,760,165
Interest receivable and similar income	9	76,459	24,346
Profit before tax		2,759,955	2,784,511
Tax on profit	10	(566,569)	(482,955)
Profit for the year		2,193,386	2,301,556
Other comprehensive income:			
Effective portion of changes in fair value of cash flow hedges		(62,589)	93,754
Tax on other comprehensive income		191	-
		(62,398)	93,754
Total comprehensive income for the year		2,130,988	2,395,310

The notes on pages 12 to 29 form part of these financial statements.


* Prior year classification restated as described in note 21.

Kirker Travel Limited
Registered number:01985696

Balance Sheet
As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	12	24,111	-
Tangible assets	13	9,553	15,707
Investments	14	40,000	40,000
		<u>73,664</u>	<u>55,707</u>
Current assets			
Debtors	15	9,133,530	8,244,802
Cash at bank and in hand	16	1,640,963	334,320
		<u>10,774,493</u>	<u>8,579,122</u>
Creditors: amounts falling due within one year	17	(5,901,198)	(5,818,858)
Net current assets		<u>4,873,295</u>	<u>2,760,264</u>
Total assets less current liabilities		<u>4,946,959</u>	<u>2,815,971</u>
Net assets		<u>4,946,959</u>	<u>2,815,971</u>
Capital and reserves			
Called up share capital	19	100,000	100,000
Share premium account	20	1,364	1,364
Capital redemption reserve	20	9,090	9,090
Cash flow hedging reserve	20	19,959	82,357
Profit and loss account	20	4,816,546	2,623,160
		<u>4,946,959</u>	<u>2,815,971</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


F Torrilla
Director
Date: 26 JUNE 2017

The notes on pages 12 to 29 form part of these financial statements.

Kirker Travel Limited

Statement of Changes in Equity For the year ended 31 December 2016

	Called up share capital	Share premium account	Capital redemption reserve	Cash flow hedging reserve	Profit and loss account	Total shareholders' funds
	£	£	£	£	£	£
At 1 January 2016	100,000	1,364	9,090	82,357	2,623,160	2,815,971
Comprehensive income for the financial year						
Profit for the financial year	-	-	-	-	2,193,386	2,193,386
Effective portion of changes in fair value of cash flow hedges	-	-	-	(62,589)	-	(62,589)
Tax on other comprehensive expense	-	-	-	191	-	191
Other comprehensive expense for the financial year	-	-	-	(62,398)	-	(62,398)
Total comprehensive income/(expense) for the financial year	-	-	-	(62,398)	2,193,386	2,130,988
At 31 December 2016	100,000	1,364	9,090	19,959	4,816,546	4,946,959

Kirker Travel Limited

Statement of Changes in Equity For the year ended 31 December 2015

	Called up share capital	Share premium account	Capital redemption reserve	Cash flow hedging reserve	Profit and loss account	Total shareholders ' funds
	£	£	£	£	£	£
At 1 January 2015	100,000	1,364	9,090	(11,397)	2,571,604	2,670,661
Comprehensive income for the financial year						
Profit for the financial year	-	-	-	-	2,301,556	2,301,556
Effective portion of changes in fair value of cash flow hedges	-	-	-	93,754	-	93,754
Other comprehensive income for the financial year	-	-	-	93,754	-	93,754
Total comprehensive income for the financial year	-	-	-	93,754	2,301,556	2,395,310
Dividends: Equity capital £22.50 per share (see note 11)	-	-	-	-	(2,250,000)	(2,250,000)
Total transactions with owners	-	-	-	-	(2,250,000)	(2,250,000)
At 31 December 2015	100,000	1,364	9,090	82,357	2,623,160	2,815,971

The notes on pages 12 to 29 form part of these financial statements.

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

1. General information

Kirker Travel Limited is a private company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office is given on the company information page and the nature of the Company's operations and principal activities are given in the Directors' Report and Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company's presentational currency is GBP.

The Company is itself a subsidiary undertaking and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The Company's parent undertaking, Kuoni Travel Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Kuoni Travel Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Kuoni House, Deepdene Avenue, Dorking, RH5 4AZ.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

2. Accounting policies (continued)

2.3 Related party transactions

As 100% of the Company's voting rights are controlled within the group headed by Kuoni Travel Limited, the Company has taken advantage of the exemption contained in FRS 101.8(k) and has therefore not disclosed transactions or balances with entities which form part of the group.

2.4 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review section of the Strategic Report. In addition, the notes to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources together with long-term contracts with a number of suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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.

2.5 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire.

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

2. Accounting policies (continued)

2.6 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Statement of Total Comprehensive Income.

Fair value hedges

The Company hedges against changes in the fair value of recognised assets, recognised liabilities, unrecognised firm commitments or precisely defined portions of such assets, liabilities or firm commitments, if the change is attributable to a specific risk and can impact the profit or loss for the period. For fair value hedges, the carrying amount of a hedged item is adjusted by the gain or loss from the hedged item attributable to the hedged risk and the derivative financial instrument is re-measured at its fair value.

The changes in the fair value of derivatives that were designated for hedging the fair value of certain assets or liabilities and that must be classified as a fair value hedge are recognised in the Statement of Total Comprehensive Income together with the changes to the fair value of this asset or liability with a corresponding gain or loss recognised in profit or loss for the period.

A fair value hedge ceases to be recognised if the hedging instrument expires, is sold, becomes due or is exercised, or if the transaction no longer satisfies the requirements for hedge accounting. Any adjustment to the carrying value amount of a hedged financial instrument is amortised to profit and loss using the effective interest method.

Replacing or continuing a hedging instrument through another hedging instrument will in this case not constitute the expiration or termination of the hedging relationship if such a replacement or continuation is a part of the previously documented hedging strategy. The novation of a hedging instrument to a central counterparty also does not constitute an end to the hedging relationship if the hedging instrument was novated due to statutory requirements, on account of the novation the central counterparty becomes the contracting partner of all parties of a derivative agreement, and there are no changes (except for those necessitated by the novation) to the terms of the agreement underlying the original derivative.

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

2. Accounting policies (continued)

2.7 Turnover

Turnover represents the invoiced value of services provided exclusive of value added tax, in respect of holidays taken for departure dates up to 31 December 2016. Income is not treated as earned until departure date in respect of all of the Company's operating divisions.

Income from the rendering of services is recognised in accordance with the stage of completion. Stage of completion is measured by the number of departed nights in a booking that fall in a particular year. Total revenue for a booking is assumed to accrue evenly across each day.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following bases:

Computer software	- 20% and 33.3% straight line annually
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2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as shown below:

Short-term leasehold property	- Length of lease
Furniture and equipment	- 20% straight line annually
Computer equipment	- 20% and 33.3% straight line annually

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Total Comprehensive Income.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

2. Accounting policies (continued)

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Foreign currency translation

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. 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 retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Statement of Total Comprehensive Income except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign currency gains and losses are reported on a net basis.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.16 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Total Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

2. Accounting policies (continued)

2.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Total Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.18 Marketing and other direct sales costs

Marketing, advertising and other promotional costs, including those related to the production of brochures, are expensed as expenditure is incurred.

2.19 Interest income

Interest income is recognised in the Statement of Total Comprehensive Income using the effective interest method.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Total Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition

The Company recognises revenue based on the date of departure of the booking apportioned on a percentage of completion basis. The directors believe this is the most appropriate revenue basis as this matches the point at which the service is performed.

Intangible assets

The directors use their judgement to assess the extent to which intangible assets have a value that will benefit the performance of the Company over future periods. The directors perform an annual review of the assets to search for any signs of impairment in these assets.

4. Turnover

An analysis of turnover by class of business is as follows:

	2016	As restated*
	£	2015 £
Short haul	27,820,718	26,529,040
Long haul	1,009,820	1,258,819
	<u>28,830,538</u>	<u>27,787,859</u>

All turnover arose within the United Kingdom.

* Prior year classification restated as described in note 21.

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

5. Operating profit

The operating profit is stated after charging/(crediting):

	2016 £	2015 £
Depreciation of tangible fixed assets	6,154	11,676
Amortisation of intangible assets, including goodwill	689	-
Exchange differences	(649,954)	(1,540,300)
Defined contribution pension cost	79,408	70,833
Operating lease payments		
Land and buildings	150,000	150,000
Motor vehicles	9,064	9,059

6. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2016 £	2015 £
Fees for the audit of the Company	23,000	16,475
Fees for assurance services	4,400	10,000
	27,400	26,475

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

The Company also paid the audit fee of £3,500 (2015: £2,000) on behalf of Kirker Travel Services Limited.

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	1,987,908	2,044,731
Social security costs	228,446	225,841
Other pension costs	79,408	70,833
	<u>2,295,762</u>	<u>2,341,405</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Sales and administration	<u>52</u>	<u>52</u>

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	26,000	25,000
Company contributions to defined contribution pension schemes	2,400	2,200
	<u>28,400</u>	<u>27,200</u>

During the year retirement benefits were accruing to no directors (2015: £nil) in respect of defined contribution pension schemes.

Directors' remuneration is paid by the parent company, Kuoni Travel Limited, and allocated to the Company on a time spent basis.

9. Interest receivable and similar income

	2016 £	2015 £
Bank interest receivable	<u>76,459</u>	<u>24,346</u>

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

10. Tax on profit

	2016 £	2015 £
Corporation tax		
Adjustments in respect of previous periods	7,690	(26,103)
Other adjustments	-	(8,516)
Group taxation relief	542,533	560,258
Total current tax	550,223	525,639
Deferred tax		
Origination and reversal of timing differences	11,153	591
Adjustments in respect of previous periods	(2,925)	(43,275)
Change in tax rates	8,118	-
Total deferred tax	16,346	(42,684)
Taxation on profit on ordinary activities	566,569	482,955

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

10. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	2,759,955	2,784,511
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%)	551,991	563,863
Effects of:		
Expenses not deductible for tax purposes	3,663	3,388
Adjustments to tax charge in respect of prior periods	4,765	(69,378)
Change to tax rates	6,150	(8)
Other timing differences leading to an increase (decrease) in taxation	-	(11,821)
Non-taxable income	-	(3,089)
Total tax charge for the year	566,569	482,955

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These included reductions to the main rate to reduce the rate from 19% from 1 April 2017 and to 17% from 1 April 2020.

Deferred taxes at the reporting date have been measured using these enacted tax rates and reflected in these financial statements.

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2016 £	2015 £
Interim dividend paid £nil per share (2015: £22.50 per share)	-	2,250,000
	-	2,250,000

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

12. Intangible assets

	Computer software £
Cost	
Additions	24,800
At 31 December 2016	<u>24,800</u>
Amortisation	
Charge for the year	689
At 31 December 2016	<u>689</u>
Net book value	
At 31 December 2016	<u><u>24,111</u></u>
At 31 December 2015	<u><u>-</u></u>

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

13. Tangible fixed assets

	Furniture and equipment £	Computer equipment £	Leasehold improvements £	Total £
Cost				
At 1 January 2016	36,377	22,848	23,320	82,545
At 31 December 2016	36,377	22,848	23,320	82,545
Depreciation				
At 1 January 2016	21,079	22,848	22,911	66,838
Charge for the period	5,745	-	409	6,154
At 31 December 2016	26,824	22,848	23,320	72,992
Net book value				
At 31 December 2016	9,553	-	-	9,553
At 31 December 2015	15,298	-	409	15,707

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

14. Investments

Investments
in subsidiary
companies
£

Cost

At 1 January 2016 and 31 December 2016

40,000

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Kirker Travel Services Limited	Ordinary	100 %	Transport ticketing services

The registered office of Kirker Travel Services Limited is the same as for its parent undertaking, as disclosed in the company information.

The carrying value of the Company's investment in Kirker Travel Services Limited is supported by the trading activity of the Company itself. The subsidiary listed above is a VAT Transport vehicles and as a consequence its profitability/carrying value is inherently linked to the trading activities of the Company. Therefore, as the directors deem it is an appropriate measure to use the going concern assumption for the Company (see note 2.4) this also supports the carrying value of the investment in the subsidiary company.

15. Debtors

	2016 £	2015 £
Trade debtors	6,173	17,261
Amounts owed by group undertakings	6,700,000	6,607,456
Other debtors	1,553,321	583,987
Deferred taxation (note 17)	35,045	51,200
Financial instruments	81,446	83,209
Prepayments and accrued income	757,545	901,689
	9,133,530	8,244,802

Amounts owed from fellow group undertakings are interest free and receivable on demand through an intercompany netting process.

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

16. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	1,640,963	334,320
	<u>1,640,963</u>	<u>334,320</u>

17. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	577,446	1,459,180
Amounts owed to group undertakings	932,174	394,282
Other taxation and social security	50,322	45,895
Other creditors	92,445	387,838
Accruals and deferred income	4,169,446	3,530,811
Financial instruments	79,365	852
	<u>5,901,198</u>	<u>5,818,858</u>

Amounts owed to fellow group undertakings are interest free and payable on demand through an intercompany netting process.

18. Deferred taxation

	2016 £	2015 £
At beginning of year	51,200	8,516
(Charged)/credited to profit or loss	(16,346)	42,684
Credited to other comprehensive income	191	-
At end of year	<u>35,045</u>	<u>51,200</u>

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

18. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	9,336	10,507
Short term temporary differences	25,709	40,693
	<u>35,045</u>	<u>51,200</u>

19. Called up share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100,000 (2015: 100,000) Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

20. Reserves

The Company has the following reserves:

Share premium account

The share premium reserve relates to amounts paid for share capital in excess of nominal value.

Capital redemption reserve

The capital redemption reserve relates to the nominal value of share capital that has been repurchased.

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedge transactions that have not yet occurred.

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

21. Prior year adjustments

The prior year Statement of Total Comprehensive Income includes the following reclassifications:

- Turnover has decreased by the amount of VAT payable to HMRC under the TOMS scheme of £821,649 and cost of sales has been reduced by the same amount.
- Similarly, other operating income has decreased by £1,931,294 and cost of sales has been reduced by the same amount in order to net off the TOMS scheme costs and associated intercompany recharge.
- Distribution costs have been reduced by £665,814, with £699,895 of this being reclassified to administration expenses and £34,081 being reclassified to other operating income.

These restatements are a reclassification only and have no effect on the prior year results.

22. Contingent liabilities

Forward currency contracts

Kuoni Travel Limited has taken out foreign exchange contracts entered into in the normal course of business amounting to £5,096,553 (2015: £1,957,452) on behalf of Kirker Travel Limited.

Foreign currency purchases are committed at the time of booking in advance of the customer departure. Currency market movements are mitigated as currency commitments mature at the time of supplier payment post customer departure. Contingent liabilities volumes and hedging commitments are dictated by booking patterns for following year departures and predominantly arise on the Euro.

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £79,408 (2015: £70,833). Contributions totalling £12,940 (2015: £12,986) were payable to the fund at the balance sheet date.

24. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	159,171	159,059
Later than 1 year and not later than 5 years	271,671	412,500
	<u>430,842</u>	<u>571,559</u>

Kirker Travel Limited

Notes to the Financial Statements For the year ended 31 December 2016

25. Controlling party

The immediate parent company is Kuoni Travel Limited, incorporated in Great Britain. This is also the parent undertaking of the smallest group for which consolidated financial statements are prepared.

Rewe ZentralFinanz EG is the parent undertaking of the largest group for which consolidated financial statements are prepared. A copy of the consolidated financial statements may be obtained from Rewe ZentralFinanz EG, Domstraße 20, 50668, Köln. In the opinion of the directors this is the Company's ultimate parent undertaking and ultimate controlling party at the date of this report.