

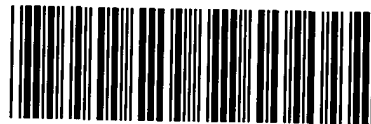
Kirker Travel Limited

**Directors' report, Strategic report and
financial statements**

Registered number 01985696

31 December 2014

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Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 2014.

Principal activities

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

Going Concern

The ultimate parent company made a decision to exit its UK tour operating business and started a sales process in January 2015. The company is part of the subsidiaries that are being marketed for sale and the Company directors have considered the going concern assumption. Based on the facts and circumstances considered, the Board believe that the going concern assumption is appropriate as described in note 1 to the financial statements. These conditions, along with the other matters explained in note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Dividends

Dividends paid during the year comprise an interim dividend in respect of the year ended 31 December 2014 of £1,600,000 (2013: £nil).

Directors

The following held office during the period and as at the date of this report:

D. Jones
M. Norman (Resigned 30 April 2015)
F. Torrilla

Company Secretary

M. Norman (Resigned 30 April 2015)
S. J. Perez-Adamson (Appointed 30 April 2015)

Charitable and political donations

During the period the company made charitable donations of £11,385 (2013: £4,470).

The company did not make any political donations during the year (2013: £nil).

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.

Directors' report (*continued*)

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 they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company auditors are aware of that information.

Approved by the Board and signed on its behalf by:



F. Torrilla
Director

4 Waterloo Court
10 Theed Street
London
SE1 8ST

3 JUNE 2015

Strategic report

Business activities and objectives

The company's principle 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.

Business review

The company showed continued growth in 2014 despite general economic uncertainty. Italy accounted for 38% of total revenue and showed growth on prior year. The top 3 destinations of Italy, France and Spain accounted for 62% of sales. Cultural Tours & Music Holidays (escorted holidays) grew by 14% to exceed £3m of sales for the first time. Growth was experienced in culturally significant destinations such as Germany, Netherlands and Austria. Business disruption in the Middle East and North Africa continued to hinder sales with the exception of Morocco. The proportion of direct sales grew slightly from 44.1% in 2013 to 44.5% in 2014.

The company's turnover was £28.9 million for the year (2013: £26.9m).

Principal risks

A corporate policy for managing risks is followed which involves regular disclosure covering all aspects of the business, including safety, environmental, 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.

Geographic and political 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 package.

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, in hedging exposure to this currency to ensure the risk of adverse currency fluctuations is at a minimum.

Results

The company made a profit after and tax of £2,334,201 (2013: loss after tax of £1,658,155)

Approved by the Board and signed on its behalf by:



F.Torrilla
Director

4 Waterloo Court
10 Theed Street
London
SE1 8ST

3 JUNE 2015

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report, Strategic 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 UK Accounting Standards and applicable law (UK 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in 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 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.

Independent auditor's report to the members of Kirker Travel Limited

We have audited the financial statements of Kirker Travel limited for the year ended 31 December 2014 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The matters explained in note 1 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the company's existence as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Independent auditor's report to the members of Kirker Travel Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.



Sameena Arshad (Senior Statutory Auditor)

3 June

2015

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London E14 5GL

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £	2013 £
Turnover	2	28,907,524	26,889,246
Cost of sales		(23,895,314)	(22,679,501)
Gross profit		<u>5,012,210</u>	<u>4,209,745</u>
Distribution costs		(532,662)	(559,245)
Administrative expenses		(3,539,181)	(3,265,171)
Investment income		<u>2,000,057</u>	<u>1,725,403</u>
Operating profit		<u>2,940,424</u>	<u>2,110,732</u>
Interest receivable	5	65,037	39,628
Profit on ordinary activities before taxation	4	<u>3,005,461</u>	<u>2,150,359</u>
Tax on profit on ordinary activities	6	(671,260)	(492,204)
Profit for the financial year	13	<u><u>2,334,201</u></u>	<u><u>1,658,155</u></u>

All transactions are derived from continuing activities.

There are no further recognised gains and losses for the current or preceding financial period other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is required.

A note on historical gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified costs basis.

Notes on pages ...9... to ...16... form part of financial statements.

Balance Sheet

at 31 December 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	7		14,842		32,668
Investments	8		40,000		40,000
			<u>54,842</u>		<u>72,668</u>
Current assets					
Debtors	9	2,947,958		6,795,208	
Cash at bank and in hand		4,658,792		850,650	
			<u>7,606,750</u>	<u>7,645,858</u>	
Creditors: amounts falling due within one year	10	(4,963,407)		(5,730,516)	
			<u>2,643,343</u>		<u>1,915,342</u>
Net current assets					
			<u>2,698,185</u>		<u>1,988,010</u>
Total assets less current liabilities					
Provisions for liabilities	11		10,109		(9,741)
			<u>2,708,294</u>		<u>1,978,269</u>
Net assets					
			<u>2,708,294</u>		<u>1,978,269</u>
Capital and reserves					
Called up share capital	12,13		100,000		100,000
Share premium account	13		1,364		1,364
Capital redemption reserve	13		9,090		9,090
Profit and loss account	13		2,597,840		1,867,815
			<u>2,708,294</u>		<u>1,978,269</u>
Shareholders' funds	13		<u>2,708,294</u>		<u>1,978,269</u>

Notes on pages 9 to 16 form part of financial statements

These financial statements were approved by the board of directors on 3 JUNE 2015 and were signed on its behalf by:



F. Torrilla

Director

Company registered number: 01985696

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are detailed below and have been applied consistently throughout the current year and preceding financial period.

Basis of preparation

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate for the reasons set out below.

The company operates as part of the Kuoni Travel Holding Limited group, Zurich ("the Holding Group"). On 14 January 2015 the Holding Group communicated its intention to exit its UK tour operating activities, and a sales process has been initiated for the company and the other members of the UK Group of Kuoni Travel Limited and its subsidiary undertakings in the United Kingdom.

As such, the directors have considered in preparing these financial statements whether it remain appropriate to prepare them on a going concern basis. In reaching the conclusion that it remains appropriate to prepare the financial statements on that basis, they have taken the following circumstances into account:

- cash flow projections for the company indicates that it can continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment; and
- having considered the strengths and weaknesses of the underlying business, the directors have no reason not to believe that a future owner of the company will not continue to support the company's existence for at least 12 months after the date of approval of these financial statements.

The directors consider that these circumstances together should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment for at least 12 months after the date of signing these financial statements.

Considering the support that may be needed to be provided by a future owner, whilst there can be no assurance that the future owner will provide financial support for the company's operations, nor that the future owner will have the financial resources to provide any such support. In addition, with a change of owner there can be no assurance that the underlying business will not be on-sold to a third party nor the underlying business may not be transferred to another entity owned by the future owner.

The directors have therefore concluded that the combination of all circumstances represents a material uncertainty that may cast significant doubt on whether the company will continue as a going concern.

The company may therefore be unable to continue realising assets and discharging liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the company did not continue to be a going concern due to the circumstances described above.

The financial statements are prepared under the historical cost convention.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other group companies

Group accounts

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the invoiced value of services provided exclusive of valued added tax, in respect of holidays taken for departure dates up to 31 December 2014. Income is not treated as earned until departure date in respect of all of the company's operating divisions.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life. The rates of depreciation are as follows:

Computers	-	20% and 33.3% straight line
Furniture and equipment	-	20% straight line
Short leasehold property	-	Length of lease

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value. The carrying values of fixed asset investments are reviewed for impairment in the period if events or changes in circumstances indicate that the carrying value may not be recoverable.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain capital items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Pensions

The company operates a group personal pension plan for employees. Contributions by the company are charged to the profit and loss account in the period in which they are due.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All translation differences are dealt with in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Derivative instruments

The company uses derivative financial instruments to manage its exposure to changes in foreign exchange rates and interest rates and account for these in accordance with SSAP 20. The company does not hold or issue derivative financial instruments for speculative purposes.

Notes (continued)

2 Turnover

The turnover is wholly attributable to the principal activities of the company and arises solely in the United Kingdom. Turnover represents the invoiced value of services provided.

3 Information regarding directors and employees

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

	Number of Employees	
	2014	2013
Sales and administration	52	48

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	1,966,812	1,793,807
Social security costs	224,087	206,834
Other pension costs	59,670	56,616
	<u>2,250,569</u>	<u>2,057,257</u>

Costs for the remuneration of directors were borne by another Group company.

4 Profit on ordinary activities before tax

	2014 £	2013 £
<i>Profit on ordinary activities before tax is stated after charging/(crediting):</i>		
Depreciation	17,827	23,238
Operating lease rentals:		
Land and buildings	118,798	108,396
Motor vehicles	9,059	10,285
Exchange differences	<u>(1,093,193)</u>	<u>(916,057)</u>

Auditor's remuneration:

	2014 £	2013 £
Audit of these financial statements	<u>18,000</u>	<u>17,500</u>

Notes (continued)

5 Interest receivable and similar income

	2014 £	2013 £
Bank interest	65,037	39,628

6 Tax charge on profit on ordinary activities

Analysis of charge in year

	2014 £	2013 £
<i>UK corporation tax</i>		
Current tax on income for the year	683,572	496,928
Adjustments in respect of prior periods	-	(12,262)
<i>Deferred Tax (see note 11)</i>	(12,312)	7,538
Current tax charge for the year	671,260	492,204
Tax on profit on ordinary activities	671,260	492,204

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2013: *higher*) than the standard rate of corporation tax in the UK 21.5 % (2013: 23.25%). The differences are explained below:

	2014 £	2013 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3,005,461	2,150,359
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5 % (2013: 23.25%)	646,174	499,958
<i>Effects of:</i>		
Expenses not deductible for tax purposes incl. intercompany balance write-off.	7,099	2,006
Adjustments to tax charge in respect of previous years	33,844	(12,262)
Excess of depreciation over capital allowances	(5,531)	(5,036)
Other	1,986	-
Deferred tax	(12,312)	7,538
Total current tax charge	671,260	492,204

Notes (continued)

7 Tangible fixed assets

	Computers £	Furniture and equipment £	Leasehold improvements £	Total £
Cost At 31 December 2013	369,350	154,654	60,970	584,974
Cost At 31 December 2014	369,350	154,654	60,970	584,974
<i>Accumulated depreciation</i>				
At 31 December 2013	356,451	141,512	54,343	552,306
Charge for the year	8,199	5,153	4,474	17,826
At 31 December 2014	364,650	146,665	58,817	570,132
<i>Net book value</i>				
At 31 December 2014	4,700	7,989	2,153	14,842
At 31 December 2013	12,899	13,142	6,627	32,668

8 Fixed asset investments

	Shares in subsidiary undertakings £
<i>Cost and net book value at the beginning and end of year</i>	
Investment in subsidiary undertakings	40,000

The particulars of the subsidiary undertaking at the end of the year are as follows:

	Country of incorporation	Principal Activity	Class and percentage of shares held
Kirker Travel Services Limited	England	Transport ticketing services	Ordinary shares 100%

Notes (continued)

9 Debtors

	2014 £	2013 £
Trade debtors	29,412	19,118
Amounts owed from group undertaking	2,257,591	5,100,000
Other debtors	151,417	1,122,292
VAT recoverable	51,206	75,357
Prepayments and accrued income	458,332	478,441
	<u>2,947,958</u>	<u>6,795,208</u>

Amounts owed from group undertaking are receivable on demand through an intercompany netting process.

10 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	1,135,489	1,338,911
Amounts owed to fellow group undertakings	268,687	1,176,649
Corporation tax	481,557	232,954
Other tax and social security	47,022	45,210
Other creditors	146,263	13,755
Accruals and deferred income	2,884,389	2,923,037
	<u>4,963,407</u>	<u>5,730,516</u>

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

11 Provisions for liabilities

	Deferred taxation £
Balance at 31 December 2013	(9,741)
Prior year movements	19,482
Charged to the profit and loss account	368
Balance at 31 December 2014	<u>10,109</u>

The amounts provided in the accounts are as follows:

	2014 £
Accelerated capital allowances	<u>10,109</u>

Notes (continued)

12 Called up share capital

	2014 £	2013 £
<i>Called up, allotted and fully paid</i>		
100,000 (2013: 100,000) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

13 Reconciliation of movements in shareholders' funds

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
Balance at 1 January 2014	100,000	1,364	9,090	1,867,815	1,978,269
Profit for the year	-	-	-	2,334,201	2,334,201
Dividends on shares classified in shareholders' funds	-	-	-	(1,600,000)	(1,600,000)
Other	-	-	-	(4,176)	(4,176)
	<u>100,000</u>	<u>1,364</u>	<u>9,090</u>	<u>2,597,840</u>	<u>2,708,294</u>
Balance at 31 December 2014	<u>100,000</u>	<u>1,364</u>	<u>9,090</u>	<u>2,597,840</u>	<u>2,708,294</u>

14 Commitments under operating leases

At 31 December 2014 there were annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings 2014 £	Other 2014 £	Land and Buildings 2013 £	Other 2013 £
<i>Expiry date:</i>				
Less than one year	-	9,059	81,297	9,182
Between one and five years	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>150,000</u>	<u>9,059</u>	<u>81,297</u>	<u>9,182</u>

Notes (continued)

15 Contingent liabilities and guarantees

Forward currency contracts

Kuoni Travel Limited has taken out foreign exchange contracts entered into in the normal course of business amounting to £2,133,980 (2013: £436,612) 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.

16 Parent undertakings and controlling parties

The smallest group in which the results of the company are consolidated is that headed by Kuoni Travel Limited, incorporated in England. The consolidated financial statements of this group are available to the public.

The parent undertaking of the largest group for which consolidated accounts are prepared is Kuoni Travel Holding Limited, which is incorporated in Switzerland. A copy of these accounts may be obtained from Kuoni Travel Holdings Limited, Neue Hard 7, 8010 Zurich, Switzerland. In the opinion of the directors this is the company's ultimate parent undertaking and ultimate controlling party.