

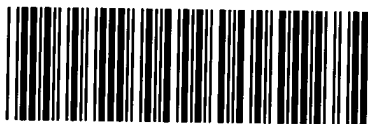
Travcorp UK Limited

Annual report and financial statements

Registered number 2115531

For the year ended 31 December 2017

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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 during the year was the provision of airport transfers, excursions, sightseeing and data processing services.

Performance of the Business

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

The retained profit for the year after taxation was £35,152 (2016: £120,707).

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

Key performance indicators

The company's key financial performance indicators during the year were as follows:

	2017 £000	2016 £000	Change %
Turnover	6,463	6,031	+7.16%
Operating profit	72	181	-60.22%

The company's turnover increased by 7.16% during the year (2016: decreased by 1.76%).

Total operating profit before decreased by 60.22% during the year (2016: increased by 11.73%).

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 debtors and 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.

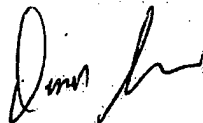
Credit risk is managed by agreeing payment terms in advance and by having in place appropriate credit control procedures. Where credit risk is considered to be higher than acceptable, payment must be provided in advance.

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 director's believe that acceptable levels of operating profitability will be delivered in 2017 and the Company is well placed to grow in the future.

By order of the board



Derek Howie
Director

15 Grosvenor Place
London
SW1X 7HH

21 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

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

A Chapman (resigned 19 February 2018)
DID Howie

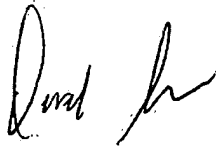
Disclosure of information to auditors

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 auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

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

By order of the board



Derek Howie
Director

15 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 Travcorp UK Limited

Opinion

We have audited the financial statements of Travcorp UK Limited ("the company") for the year ended 31 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 Travcorp UK 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.

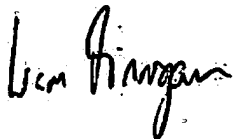
Auditor's responsibilities

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	6,462,520	6,031,336
Cost of sales		(3,279,766)	(3,362,169)
Gross profit		3,182,754	2,669,167
Administrative expenses		(3,111,133)	(2,488,183)
Operating profit	3,4	71,621	180,984
Finance income	5	45	453
Profit before taxation		71,666	181,437
Taxation	6	(36,514)	(60,730)
Profit for the year		35,152	120,707
Total comprehensive income for the year		35,152	120,707

All of the activities in the current and proceeding year relate 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 10 to 24 form an integral part of these financial statements.

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

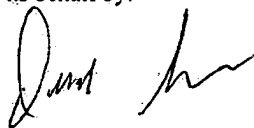
	Share capital	Retained earnings	Total
	£	£	£
At 31 December 2015	2	959,242	959,244
Total comprehensive income for the year	-	120,707	120,707
At 31 December 2016	2	1,079,949	1,079,951
Total comprehensive income for the year	-	35,152	35,152
At 31 December 2017	2	1,115,101	1,115,103

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

Statement of financial position
as at 31 December 2017

	Note	2017 £	2016 £
Non-current assets			
Property, plant and equipment	7	480,677	561,966
Current assets			
Amounts due from related parties	9	1,252,037	858,428
Other receivables	10	237,324	204,487
Cash and cash equivalents	11	109,288	117,725
		1,598,649	1,180,640
Total assets		2,079,326	1,742,606
Non-current liabilities			
Deferred tax liabilities	8	(2,395)	(3,490)
Current liabilities			
Amounts due to related parties	12	(687,941)	(410,914)
Trade and other payables	13	(236,918)	(186,907)
Tax payable		(36,969)	(61,344)
		(961,828)	(659,165)
Total liabilities		(964,223)	(662,655)
Net assets		1,115,103	1,079,951
Equity			
Share capital	15	2	2
Retained Earnings		1,115,101	1,079,949
Total Equity		1,115,103	1,079,951

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 10 to 24 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		35,152	120,707
<i>Adjustments for:</i>			
Depreciation	7	157,318	168,020
Finance income	5	(45)	(453)
Taxation	6	36,514	60,730
		<hr/>	<hr/>
		228,939	349,004
 (Increase)/Decrease in trade and other receivables		 (426,446)	 192,559
Increase/(Decrease) in trade and other payables		327,038	(699,668)
		<hr/>	<hr/>
		129,531	(158,105)
 Tax paid		 (61,984)	 (62,110)
		<hr/>	<hr/>
Net cash generated from operating activities		67,547	(220,215)
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received	5	45	453
Acquisition of property, plant and equipment	7	(76,029)	(36,475)
Disposal of property, plant and equipment	7	-	21
		<hr/>	<hr/>
Net cash used in investing activities		(75,984)	(36,001)
		<hr/>	<hr/>
Net cash used in financing activities		-	-
		<hr/>	<hr/>
Net decrease in cash and cash equivalents	11	(8,437)	(256,216)
Cash and cash equivalents at 1 January	11	117,725	373,941
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		109,288	117,725
		<hr/>	<hr/>

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

Notes

(forming part of the financial statements)

1 Accounting policies

Travcorp UK Limited ("the company") is a company incorporated in the UK. The registered number is 02115531 and the registered address is 15 Grosvenor Place, London, SW1X 7HH. The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

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

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The directors do not consider there to be any significant areas of estimation uncertainty in relation to these financial statement.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements relate to revenue recognition. 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 airport transfers, excursions, sightseeing and data processing services.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the statement of comprehensive income. Exchange differences arising on non-monetary items, carried at fair value, are included in the statement of comprehensive income, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents 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.

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

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Property, plant and equipment

Property, 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:

- | | |
|---------------------------|-------------------------------------------------|
| ▪ Leasehold refurbishment | 10% straight line or life if less than 10 years |
| ▪ Fixtures and fittings | 10% to 33% straight line |

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 Travcorp UK Limited is not the sponsoring entity. Consequently, the scheme is accounted for as 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, this scheme closed to new members as of November 2016. From November 2016 the company has participated in the Peoples Pension defined contribution scheme which is 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.

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 or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

1 Accounting policies (continued)

Taxation (continued)

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.

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 and are recognised in profit or loss using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in statement of comprehensive income as it accrues, using the effective interest method.

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 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.

2 Revenue

The turnover and pre-tax result are attributable to the company's main activity of airport assistance, excursion and sightseeing as well as the additional activity of data processing services.

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

3 Expenses and auditors' remuneration

	2017 £	2016 £
<i>Included in the profit for the year are the following:</i>		
Depreciation	157,318	168,020
Operating leases – property rental	477,982	452,028
Net profit on foreign currency translation	(32)	(286)
	<hr/>	<hr/>
<i>Auditor's remuneration:</i>		
Audit of these financial statements	10,500	9,500
	<hr/>	<hr/>

4 Staff numbers and costs

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

	2017 No	2016 No
Office and management	92	90
Reception and seasonal staff	24	29
	<hr/>	<hr/>
	116	119
	<hr/>	<hr/>
	2017 £	2016 £
Wages and salaries	3,638,254	3,495,418
Social security costs	371,460	359,474
Other pension costs	160,074	154,798
	<hr/>	<hr/>
	4,169,788	4,009,690
	<hr/>	<hr/>

No director received emoluments from this group company during the year (2016: £nil).

5 Finance income

	2017 £	2016 £
Bank interest receivable	45	453
	<hr/>	<hr/>

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

6 Taxation

Recognised in the statement of comprehensive income

	2017 £	2016 £
<i>Current tax expense</i>		
Current year	36,969	61,345
Adjustment in respect of prior year	640	104
<i>Deferred tax expense</i>		
Origination/reversal of timing differences	(1,095)	(719)
Total tax in statement of comprehensive income	<u>36,514</u>	<u>60,730</u>

Reconciliation of effective tax rate:

	2017 £	2016 £
<i>Current tax</i>		
Profit on ordinary activities before tax	<u>71,666</u>	<u>181,437</u>
Tax using UK corporation tax rate of 19.25% (2016: 20%)	13,796	36,287
<i>Effects of:</i>		
Non-deductible expenses	22,078	24,343
Fixed asset differences	-	(4)
Adjustment in respect of prior year	<u>640</u>	<u>104</u>
Total current tax in statement of comprehensive income	<u>36,514</u>	<u>60,730</u>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2016) 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 2016, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2017 has been calculated based on these rates.

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

7 Property, plant and equipment

	Short leasehold refurbishment	Fixtures and fittings	Total
	£	£	£
<i>Cost</i>			
Balance at 1 January 2016	1,212,567	560,771	1,773,338
Additions	-	36,475	36,475
Disposals	(12,120)	(202,006)	(214,126)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	1,200,447	395,240	1,595,687
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2017	1,200,447	395,240	1,595,687
Additions	59,183	16,846	76,029
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	1,259,630	412,086	1,671,716
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
Balance at 1 January 2016	744,412	335,395	1,079,807
Charged in year	120,045	47,975	168,020
Disposals	(12,120)	(201,986)	(214,106)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	852,337	181,384	1,033,721
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2017	852,337	181,384	1,033,721
Charged in year	112,182	45,136	157,318
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	964,519	226,520	1,191,039
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2016	348,110	213,856	561,966
	<hr/>	<hr/>	<hr/>
At 31 December 2017	295,111	185,566	480,677
	<hr/>	<hr/>	<hr/>

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

8 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2017 £	2016 £
Fixed asset timing differences	2,395	3,490

The movement in the deferred taxation during the year:

	2017 £	2016 £
At 1 January	3,490	4,209
Recognised in statement of comprehensive income	(1,095)	(719)
At 31 December	2,395	3,490

9 Amount due from related parties

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

	2017 £	2016 £
<i>Other group companies</i>		
Trafalgar Tours International Limited	1,271	49
TTC Travel Group Limited	1,250,190	858,379
Trafalgar Travel Limited	476	-
Travel Corporation Asia Limited	100	-
	1,252,037	858,428

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

10 Other receivables

	2017 £	2016 £
Other receivables	20,238	32,041
VAT Receivable	32,138	-
Prepayments	184,948	172,446
	237,324	204,487

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

11 Cash and cash equivalents

	2017 £	2016 £
Cash and cash equivalents	109,288	117,725

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

12 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 £
<i>Other group companies</i>		
Insight Travel Services Limited	266,573	120,875
Travcorp Management Services Limited	285,695	233,197
Grand European Operations Limited	-	3,220
Evan Evans Tours Limited	5,393	7,806
Busabout Operations Limited	-	2,946
Trafalgar Travel Limited	-	51
Travel Corporation Asia Limited	-	682
No Limits Limited	53,161	4,138
Tracoin Services Limited	2,220	1,267
Trafalgar Tours Guernsey Limited	56,998	17,969
Trafalgar Tours International Limited	-	-
Insight Vacations Limited	17,901	18,763
	<u>687,941</u>	<u>410,914</u>

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

13 Trade and other payables

	2017 £	2016 £
Trade payables	22,091	98,945
Other payables	100,982	46,270
PAYE and social security	88,614	-
VAT payable	-	20,388
Accrued expenses	25,231	21,304
	<u>236,918</u>	<u>186,907</u>

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

14 Employee benefits

Pension plans

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

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

During the year ended 31 December 2017 £45,029 was charged against profits in respect of the defined benefit scheme (2016: £39,184) and £115,045 was charged against profits in respect of the defined contribution scheme (2016: £115,614).

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	17,358	19,032

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	185	8,735
Liability for defined benefit obligations at 31 December	44,688	44,327

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

14 Employee benefits (continued)

Movement in fair value of plan assets:

	2017 £000	2016 £000
Fair value of plan assets at 1 January	25,295	21,420
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)

14 Employee benefits (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	2013 £000	2012 £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%

15 Called up share capital

	2017 £	2016 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
	2017	2016
	No	No
	£	£
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

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

16 Financial risk management objectives and policies

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

- a) to finance its operations;
- b) to manage its exposure to interest risk from its operations and from its sources of finance; and
- c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, 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.

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	1,252,037	858,428
Cash and cash equivalents	109,287	117,725
	<u>1,361,324</u>	<u>976,153</u>

Liquidity risk

The company at all times maintains adequate cash in order to meet all its commitments as and when they fall due. There are no long term borrowings. Trade and other payables of £236,918 (2016: £186,907) and amounts due to related parties of £687,941 (2016: £410,914) are payable within 6 months or less from 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 percent in this rate would have resulted in a change in annual pre-tax profit of £1,093 based on cash and cash equivalent reserves at the year end.

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. Hedging instruments are not used to reduce risks arising from foreign currency fluctuations against the company's own currency.

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

16 Financial risk management objectives and policies (continued)

Exposure to currency risk:

The company's exposure to foreign currency risk at the year end is as follows:

	2017		2016	
	GBP	EUR	GBP	EUR
Cash and cash equivalents	6,178	6,952	5,994	7,022

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2017	2016	2017	2016
EUR	1.1420	1.2245	1.1253	1.1715

Sensitivity analysis

A 10% strengthening of the pound against the following currencies at 31 December 2017 would have decreased profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2016.

	2017	2016
	£	£
EUR	(618)	(599)

A 10% weakening of the pound against the above currencies at 31 December 2017 would have had the equal but opposite effect of the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The company is not exposed to any currency risk in respect of balances due to or from related parties as all transactions during the year occur in Pounds Sterling and all balances at the year-end are denominated in Pounds Sterling.

Fair value

The directors are of the opinion that the carrying value of financial instruments approximates fair value.

Trade and other receivables are valued at amortised cost. Impairment losses are estimated at year end by reviewing amounts outstanding and assessing the likelihood of recoverability.

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

17 Commitments under operating leases

The company has entered into two short term leasing commitments in respect of properties it occupies. The rentals commitment under the leases is as follows:

	2017 £	2016 £
Within one year	486,783	560,095
Between two and five years	1,662,996	1,823,024
More than five years	297,535	532,726
	<u>2,447,314</u>	<u>2,915,845</u>

During the year £477,982 was recognised as an expense in the statement of comprehensive income in respect of operating leases for land and buildings (2016: £452,028).

18 Related party transactions

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

	2017 £	2016 £
<i>Purchase of sightseeing products</i>		
Evan Evans Tours Limited	208,280	246,728
	<u>208,280</u>	<u>246,728</u>
<i>Rent</i>		
No Limits Limited	269,428	246,425
Travcorp Management Services Limited	182,109	205,603
	<u>451,537</u>	<u>452,028</u>
<i>Management fees</i>		
Insight Travel Services Limited	66,750	48,900
	<u>66,750</u>	<u>48,900</u>

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

	2017 £	2016 £
<i>Revenue</i>		
Trafalgar Tours Limited	201,338	153,163
Insight Vacations Limited	63,988	58,713
Grand European Operations Limited	-	2,625
	<u>265,326</u>	<u>214,501</u>
<i>Management fees</i>		
TTC Travel Group Limited	5,904,127	5,433,967
	<u>5,904,127</u>	<u>5,433,967</u>

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

19 Ultimate parent company and parent company of larger group

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, a company incorporated in the British Virgin Islands. The financial statements of this company are not available to the public. The smallest group in which they are consolidated is that headed by Trafalgar Retail Travel Limited, a company registered in England and Wales. Copies of the consolidated financial statements of Trafalgar Retail Travel Limited are available to the public from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.