PARENT Co ACCOUNTS OF
TRAVCORP UK LTD.

Trafalgar Retail Travel Limited

Annual report and consolidated financial statements

Registered number 1514392

31 December 2022

Contents

Strategic report

The directors present their annual Strategic report, Directors' report and the audited financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the group during the year was the provision of financial, accounting and data processing services for other members of its parent group.

Performance of the business

The directors are satisfied with the results for the year with business recovering following the COVID-19 pandemic. Business activity is expected to return towards normal levels in 2023. The directors have established a cost base that allows the group to respond quickly to changes in demand for its services and constantly review all aspects of expenditure to ensure that they remain competitive.

The profit for the year, after taxation, was £2,208,321 *(2021: £896,538)*.

No dividend was paid in the year (*2021: £nil*).

Key performance indicators

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

Principal risks and uncertainties

The group uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for group operations. The main risk arising from the group'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 group'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 group's results for the year. The directors believe that acceptable levels of operating profitability will be delivered in 2023.

By order of the board

David Howie

DID Howie
Director

4 September 2023

15 Grosvenor Place
London
SW1X 7HH

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2022.

Financial instruments

Details of the group's financial management objectives and policies are included in note 18 to the financial statements.

Directors and directors' interests

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

D Howie
B Hall (resigned 22 February 2022)
JK Gattrell (appointed 22 February 2022)

None of the directors who held office at the end of the financial year had any interest in the shares of the group *(2021: £nil)*.

Going concern

Both the level of business and the year-end financial position were considered satisfactory. The directors expect that the level of activity will increase towards normal levels in 2023 and the Group will remain profitable. The Group continues to be supported by its ultimate parent company, The Travel Corporation Limited, as detailed in note 1.

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

Auditors

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

By order of the board

DID Howie
Director

4 September 2023

15 Grosvenor Place
London
SW1X 7HH

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 Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the Parent Company financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the directors are required to:

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

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

KPMG

Independent auditor's report to the members of Trafalgar Retail Travel Limited

Opinion

We have audited the financial statements of Trafalgar Retail Travel Ltd ("the Company") for the year ended 31 December 2022 which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statement of changes in equity, the Consolidated and Company statements of financial position and the Consolidated and Company statements 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 Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Group 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

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

Independent auditor's report to the members of Trafalgar Retail Travel Limited *(continued)*

- Enquiring of directors AS TO Group's high-level polices and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources with little or no requirement for estimation from management. We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:
- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included unusual combinations.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

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

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 those reports 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 those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit[.]/[; or

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 Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent 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.

Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5 AS
5 September 2023

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2022

	Note	**2022**	2021
		£	£
Revenue	*2*	**20,884,948**	15,783,657
Cost of sales		**(654,776)**	(158,513)
Gross profit		**20,230,172**	15,625,144
Other income	*2*	**264,556**	1,234,922
Administrative expenses		**(18,076,676)**	(15,836,563)
Operating profit	*3,4*	**2,418,052**	1,023,503
Finance income	*6*	**434,062**	242,675
Finance expense	*7*	**(93,603)**	(99,873)
Profit before tax		**2,758,511**	1,166,305
Taxation	*8*	**(550,190)**	(269,767)
Profit for the year and total comprehensive income		**2,208,321**	896,538

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

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

The notes on pages 12 to 33 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2022

	Share capital £	Retained earnings £	Total £
At 1 January 2021	469,000	12,359,209	12,828,209
Profit for the year	-	896,538	896,538
At 1 January 2022	469,000	13,255,747	13,724,747
Profit for the year	-	2,208,321	2,208,321
At 31 December 2022	**469,000**	**15,464,068**	**15,933,068**

Company Statement of Changes in Equity
for the year ended 31 December 2022

	Share capital £	Retained earnings £	Total £
At 1 January 2021	469,000	40,704	509,704
Loss for the year	-	(157,651)	(157,651)
At 1 January 2022	469,000	(116,947)	352,053
Loss for the year	-	(167,937)	(167,937)
At 31 December 2022	**469,000**	**(284,884)**	**184,116**

The notes on pages 12 to 33 form an integral part of these consolidated and company financial statements.

Consolidated and Company Statement of Financial Position

as at 31 December 2022

	Note	Group		Company	
		2022	2021	**2022**	2021
		£	£	**£**	£
Non-current assets					
Property, plant and equipment	*9*	**2,561,144**	2,820,195	**999,638**	1,120,734
ROU Asset	*19*	**1,201,791**	2,208,302	**-**	-
Investments in subsidiaries	*10*	**-**	-	**151,460**	151,460
		3,762,935	5,028,497	**1,151,098**	1,272,194
Current assets					
Amounts due from related parties	*12*	**15,412,039**	17,496,720	**248,863**	247,803
Other receivables	*13*	**433,279**	501,313	**80,953**	79,939
Cash and cash equivalents	*14*	**1,814,824**	1,475,728	**319,870**	293,644
		17,660,142	19,473,761	**649,686**	621,386
Total assets		**21,423,077**	24,502,258	**1,800,784**	1,893,580
Non-current liabilities					
Deferred tax	*11*	**(38,255)**	(41,498)	**-**	-
Lease liability	*22*	**(647,602)**	(1,561,634)	**-**	-
		(685,857)	(1,603,132)	**-**	-
Current liabilities					
Amounts due to related parties	*15*	**(2,710,127)**	(7,171,647)	**(1,598,406)**	(1,510,981)
Trade and other payables	*16*	**(857,901)**	(918,347)	**(18,262)**	(30,546)
Taxation		**(589,384)**	(276,932)	**-**	-
Lease liability	*22*	**(646,740)**	(807,453)	**-**	-
		(4,804,152)	(9,174,379)	**(1,616,668)**	(1,541,527)
Total liabilities		**(5,490,009)**	(10,777,511)	**(1,616,668)**	(1,541,527)
Net assets		**15,933,068**	13,724,747	**184,116**	352,053
Equity					
Share capital	*23*	**469,000**	469,000	**469,000**	469,000
Retained earnings		**15,464,068**	13,255,747	**(284,884)**	(116,947)
Shareholders' funds		**15,933,068**	13,724,747	**184,116**	352,053

These financial statements were approved by the board of directors on 4 September 2023 and were signed on its behalf by:

DID Howie
Director

The notes on pages 12 to 33 form an integral part of these consolidated and company financial statements.

Consolidated and Company Statement of Cash Flows
for the year ended 31 December 2022

	Note	Group		Company	
		2022	2021	**2022**	2021
		£	£	**£**	£
Cash flows from operating activities					
Profit/(loss) for year		**2,208,321**	896,538	**(167,937)**	(157,651)
Adjustments for:					
Depreciation	*9*	**507,062**	568,369	**121,096**	123,698
ROU amortisation	*19*	**674,702**	950,838	**-**	-
Financial income	*6*	**(434,062)**	(242,675)	**-**	-
Financial expense	*7*	**93,603**	99,873	**79,703**	48,446
Gain on sale of property, plant and equipment		**(1,132)**	(675)	**-**	-
Taxation	*8*	**550,190**	269,767	**-**	-
		3,598,684	2,542,035	**32,862**	14,493
Decrease/(increase) in trade and other receivables		**2,152,715**	(2,080,168)	**(2,074)**	92,035
(Decrease)/increase in trade and other payables		**(4,521,967)**	(3,535)	**75,141**	26,218
Cash from operations		**1,229,432**	458,332	**105,929**	132,746
Interest paid		**(93,603)**	(53,079)	**(79,703)**	(48,446)
Tax paid		**(240,981)**	(526,318)	**-**	-
Net cash from operating activities		**894,848**	(121,065)	**26,226**	84,300
Cash flows from investing activities					
Purchase of property, plant and equipment	*9*	**(256,226)**	(138,562)	**-**	-
Sale of property, plant and equipment		**8,509**	2,163	**-**	-
Interest received	*6*	**434,062**	242,675	**-**	-
Net cash from investing activities		**186,345**	106,276	**-**	-
Cash flows from financing activities					
Payment of lease liabilities		**(742,097)**	(668,163)	**-**	-
Net cash from financing activities		**(742,097)**	(668,163)	**-**	-
Net increase/(decrease) in cash and cash equivalents		**339,096**	(682,952)	**26,226**	84,300
Cash and cash equivalents at 1 January	*14*	**1,475,728**	2,158,680	**293,644**	209,344
Cash and cash equivalents at 31 December	*14*	**1,814,824**	1,475,728	**319,870**	293,644

The notes on pages 12 to 33 form an integral part of these consolidated and company financial statements.

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

1 Accounting policies

Trafalgar Retail Travel Limited ("the company") is a private company incorporated, domiciled and registered in England, in the UK. The registered number is 01514392 and the registered address is 15 Grosvenor Place, London, SW1X 7HH.

The group financial statements consolidate those of the company and its subsidiaries (together referred to as the "Group"). The Parent Company financial statements present information about the company as a separate entity and not about its Group.

Basis of preparation

The consolidated financial statements have been prepared and approved by the directors in accordance with international accounting standards in accordance with UK-adopted international accounting standards ("UK adopted IFRS").

On publishing the Parent Company financial statements here together with the group financial statements, the company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

These consolidated financial statements are presented in UK Sterling Pounds (£), which is the company's functional currency.

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

The Group has adopted the following IFRSs in these financial statements:

- Amendments to IFRS 16: Leases Covid-19 Related Rent Concessions has been adopted. The amendment introduces an optional practical expedient for leases in which the Group is a lessee. For leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The details of the accounting policies are disclosed in these accounting polices and see also note 19 for related disclosures.

Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate following the recovery from the global COVID-19 pandemic for the following reasons:

At the year end, the Company had net assets of £184,116 and net current liabilities of £966,982 and the Group had net assets of £15,933,068 and net current assets of £12,855,990. It manages its day to day and medium-term funding requirements through cash balances. These cash balances are forecast to provide sufficient liquidity to finance seasonal cash flows in the ordinary course of business.

The Company is a subsidiary of the group headed by The Travel Corporation Limited (the Ultimate Group). The Company and the Group is reliant on other Ultimate Group companies for its income as it provides management and other services to fellow subsidiaries of The Travel Corporation and it is integral to the operations of the Ultimate Group. Consequently, the ability of the Company and Group to continue as a going concern is based on the ability of the Ultimate Group to continue as a going concern. As such, the directors of the Company and the Group have had regard to the Ultimate Group which has prepared financial forecasts, which the Ultimate Group Directors have reviewed, comprising operating profit, balance sheet and cash flows covering a period of at least 12 months from the date of approval of these financial statements. The Ultimate Group finances its working capital through cash balances and has significant liquidity available to cope with any potential challenges following the recovery from COVID-19.

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern (continued)

The Directors have prepared cash flow forecasts and performed a going concern assessment which indicates that, in both the base and reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due during the period to 31 December 2024, the going concern assessment period.

Consequently, the directors are confident that the Company and the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Use of estimates and judgements

The preparation of financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 or critical judgements in relation to these financial statements. The revenue recognition is not judgemental.

Basis of consolidation

Subsidiaries are entities controlled by the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements include Trafalgar Retail Travel Limited and its subsidiaries. The results of the subsidiaries are included from the effective dates of control until the effective dates of loss of control.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Trafalgar Retail Travel Limited.

All inter-company transactions, balances, income and expenses are eliminated upon consolidation.

Revenue

The group and company applies the following five step model;

1) Identification of a contract to provide administrative services
2) Identification of performance obligations within that contract
3) Determination of the transaction price as outlined within the contract for the provision of administrative services
4) Allocation of the transaction price to the performance obligations as outlined within the contract and
5) Recognition of revenue

For each performance obligation, the group and company identifies whether it has been satisfied at a point in time or over time based upon an evaluation of the receipt and consumption of benefits and enforceable payment rights associated with that obligation. The group and company's agreements with customers do not contain complex terms or separately identifiable performance obligations outside delivering services to customers.

Notes *(continued)*

1 Accounting policies *(continued)*

***Revenue** (continued)*

The performance obligation is the supply of services to the customer and therefore the transaction price relates to this performance obligation.

Revenue represents the income earned from the provision of administrative services and is recognised over time as the service is provided. All revenue excludes value added tax.

Government Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received. Support received under the Coronavirus Job Retention Scheme which provides for the reimbursement of wages for employees who were placed on furlough is accounted for in other income within the Statement of Comprehensive income.

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 balance sheet 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 income statement. Exchange differences arising on non-monetary items, carried at fair value, are included in the income statement, 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.

Intra-group financial instruments

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

Impairment

The carrying amounts of the group and company assets other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Investments

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. All purchases and sales of investments are recognised using trade date accounting.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Notes *(continued)*

1 Accounting policies *(continued)*

Non-derivative financial instruments

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement 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 refurbishments	-	10% or life of lease where less than 10 years
Fixtures & fittings	-	10% to 25%
Motor vehicles	-	25%, with a residual value of 20%
Leasehold property	-	5%

Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The three principal classification categories for financial assets: measure at amortised cost, FVOCI and FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions.

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and

- it is contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding.

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

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. Impairment losses represent allowances for expected credit losses over the lifetime of the financial asset (ECLs). Loss allowances for trade receivables and other receivables such as amounts due to related parties are always measured at an amount equal to lifetime ECL.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

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.

Capital management

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

The group and company has no external debt as at 31 December 2022 and is not subject to externally imposed capital requirements; management of capital therefore focuses around its ability to generate cash from its operations.

Notes *(continued)*

1 Accounting policies *(continued)*

Employee entitlements

Defined benefit plans

The group 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 group in separate trustee administered funds. The pension scheme is a group plan and two of the group subsidiaries, Travcorp Management Services Limited and Travcorp UK Limited are participating employers. The ultimate holding company has signed a guarantee taking full responsibility for the pension liability such that, should the pension scheme ultimately conclude with insufficient funds, then this company will accept the liability and contribute the funds. The net defined benefit liability of the pension scheme is therefore recognised fully by the ultimate holding company. Consequently, the scheme is accounted for as a defined contribution scheme and obligations for contributions are recognised as an expense in the income statement as incurred.

Defined contribution plans

From 1 May 2004 the group subsidiaries, Travcorp Management Services Limited and Travcorp UK Limited participated in a group defined contribution scheme. Travel Corporation Asia (UK) Limited and TTC Group Services Limited have subsequently commenced participation. The assets of the scheme are held separately from those of the group in separate trust administered funds. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

From April 2014, the group has participated in the People's 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 group in separate trust administered funds. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Taxation

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

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

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

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

Expenses

Finance income and expenses

Finance income comprises interest receivable on funds invested. Finance expenses comprise interest payable.

Finance income and expenses are recognised in statement of comprehensive income as they accrue, using the effective interest method.

Notes *(continued)*

1 Accounting policies *(continued)*

IFRS 16 'Leases'

At the inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16.

As a lessee

The group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

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

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

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

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

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

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

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

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

COVID-19 related rent concessions

The group has applied COVID-19-Related Rent Concessions —Amendment to IFRS 16. The group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the group assesses whether there is a lease modification. For contracts where the group has chosen to apply the practical expedient, rent waivers granted have been treated as variable lease payments, and therefore a credit has been recognised in the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

Audit exemption for a subsidiary undertaking

The Company has given guarantees in regard to outstanding liabilities of the following subsidiary companies as at 31 December 2022 under Section 479C of the Companies Act 2006, as these subsidiary companies are exempt from audit under Section 479A of the Companies Act 2006 and are taking advantage of this exemption:

Travel Corporation Asia (UK) Ltd (Registered Number 1484147)
Travcorp Management Services Ltd (Registered Number 1287768)
TTC Group Services Ltd (Registered Number 00437506)
Travcorp UK Ltd (Registered Number 2115531)

2 Revenue and other income

The turnover and pre-tax result are largely attributable to the group's main activity, the provision of management services to other group companies.

	2022	2021
	£	£
Major service lines		
Management fees - UK	**31,445**	23,775
Management fees – Guernsey, Channel Islands	**16,663,450**	13,174,885
Data processing services	**4,060,053**	2,454,997
Rental income	**130,000**	130,000
	20,884,948	15,783,657

	2022	2021
	£	£
Other income		
Government grants	-	821,837
Lease concessions	**160,000**	413,085
Gain on sale of asset	**104,556**	-
	264,556	1,234,922

Included within other income is Government Grants comprising £nil (2021: £821,837) received under the UK Government coronavirus job retention scheme. Having met all conditions for payment, these Government grants are recognised on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate. The company has elected to present such grant income separately as other income.

3 Expense and auditor's remuneration

	2022	2021
Included in the profit for the year are the following:	**£**	£
Depreciation of owned assets	**507,062**	568,369
Amortisation of ROU assets	**674,702**	950,838
Net (loss)/profit on foreign currency translation	**3,852**	(633)
Auditor's remuneration		
Group audit	**62,500**	48,545
Company audit	**15,000**	7,500

Notes *(continued)*

4 Staff numbers and costs

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

	Number of employees	
	2022	2021
Management and administration	**224**	195

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£	£
Wages and salaries	**11,370,556**	10,294,026
Social security costs	**1,317,114**	1,156,759
Other pension costs	**1,097,165**	746,565
	13,784,835	12,197,350

5 Directors' emoluments

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

	2022	2021
	£	£
Emoluments receivable	**154,763**	-

Other director emoluments were borne by other group companies without recharge.

The number of directors who accrued benefits under company pension schemes was as follows:

	2022	2021
	£	£
Defined contribution schemes	**2**	2

6 Finance income

	2022	2021
	£	£
Finance income		
Bank interest receivable	**843**	56
Other	**433,219**	242,619
	434,062	242,675

Notes *(continued)*

7 Finance expense

	2022	2021
	£	£
Finance expense		
Bank interest payable	-	4,633
Interest on loans from group undertakings	79,703	48,446
Interest expense on lease liabilities	13,900	46,794
	93,603	99,873

8 Taxation

Recognised in the Statement of Comprehensive Income

	2022	2021
	£	£
Current tax expense		
Current year	589,383	276,929
Adjustments in respect of prior year	(35,950)	(7,369)
	553,433	269,560
Deferred tax expense		
Origination/reversal of timing differences	(3,243)	207
Adjustments in respect of prior year	-	-
Tax on profit on ordinary activities	550,190	269,767

Reconciliation of effective tax rate

The effective rate of standard corporation tax in the year was 19% *(2021: 19%)*. The differences are explained below:

	2022	2021
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	2,758,511	1,166,305
Tax on profit on ordinary activities 19% *(2021: 19%)*	524,117	221,598
Effects of:		
Depreciation on non-qualifying assets	73,229	84,411
Non-deductible expenditure	(47,156)	(36,242)
Tax on profit on ordinary activities	550,190	269,767

On 24 May 2021, the UK corporation rate of 25% (effective 1 April 2023) was substantively enacted, increasing from the current rate of 19%. The deferred tax asset at 31 December 2022 has been calculated at 25% (2021: 25%) given this rate was substantively enacted.

Notes *(continued)*

9 Property, plant & equipment - Group

	Leasehold refurbishments	Fixtures & fittings	Leasehold property	Total
	£	£	£	£
Cost				
At 1 January 2021	2,301,351	1,770,707	2,264,815	6,336,873
Additions	26,724	111,838	-	138,562
Disposals	-	(2,163)	-	(2,163)
At 31 December 2021	2,328,075	1,880,382	2,264,815	6,473,272
At 1 January 2022	2,328,075	1,880,382	2,264,815	6,473,272
Additions	-	256,226	-	256,226
Disposals	-	(17,339)	-	(17,339)
At 31 December 2022	**2,328,075**	**2,119,269**	**2,264,815**	**6,712,159**
Depreciation				
At 1 January 2021	942,390	1,097,262	1,045,731	3,085,383
Charge for year	190,000	262,978	115,391	568,369
Disposals	-	(675)	-	(675)
At 31 December 2021	1,132,390	1,359,565	1,161,122	3,653,077
At 1 January 2022	1,132,390	1,359,565	1,161,122	3,653,077
Charge for year	147,237	235,441	124,384	507,062
Disposals	-	(9,124)	-	(9,124)
At 31 December 2022	**1,279,627**	**1,585,882**	**1,285,506**	**4,151,015**
At 31 December 2022	**1,048,448**	**533,387**	**979,309**	**2,561,144**
At 31 December 2021	1,195,685	520,817	1,103,693	2,820,195

Notes *(continued)*

9 Property, plant & equipment – Company

	Leasehold property £	Fixtures & fittings £	Total £
Cost			
At 1 January 2021	2,264,815	78,676	2,343,491
Additions	-	-	-
At 31 December 2021	2,264,815	78,676	2,343,491
At 1 January 2022	2,264,815	78,676	2,343,491
Additions	-	-	-
At 31 December 2022	**2,264,815**	**78,676**	**2,343,491**
Depreciation			
At 1 January 2021	1,045,731	53,328	1,099,059
Charge for year	115,389	8,309	123,698
At 31 December 2021	1,161,120	61,637	1,222,757
At 1 January 2022	1,161,120	61,637	1,222,757
Charge for year	113,776	7,320	121,096
At 31 December 2022	**1,274,896**	**68,957**	**1,343,853**
At 31 December 2022	**989,919**	**9,719**	**999,638**
At 31 December 2021	1,103,695	17,039	1,120,734

10 Investments in subsidiaries - Company

	Total £
Cost	
At beginning of year	151,460
Disposal in year	-
At end of year	151,460
Impairment	
At beginning and end of year	-
Net book value	
At 31 December 2022	**151,460**
At 31 December 2021	151,460

Notes *(continued)*

10 Investments in subsidiaries – Company *(continued)*

The company owns 100% of the issued share capital of the companies listed below. The subsidiaries are predominantly concerned with the provision of financial, accounting and data processing services.

Name of company	**Country of incorporation**	**Profit / (loss) for period** £	**Aggregate capital and reserves for the period** £
Travcorp Management Services Limited	England and Wales	2,353,007	14,009,168
Travcorp UK Limited	England and Wales	26,630	1,360,147
Travel Corporation Asia (UK) Limited	England and Wales	(1,573)	367,705
TTC Group Services Limited	England and Wales	(1,806)	113,387

The registered address of all the above subsidiaries is 15 Grosvenor Place, London, SW1X 7HH.

11 Deferred tax

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group	
	2022 £	2021 £
Plant and equipment	**38,255**	41,498

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

The movement in deferred taxation during the year was:

	2022			2021		
	Deferred tax asset £	**Deferred tax liability** £	**Net deferred tax liability** £	Deferred tax asset £	Deferred tax liability £	Net deferred tax liability £
At 1 January	-	**(41,498)**	**(41,498)**	-	(41,291)	(41,291)
Recognised in income statement	-	**3,243**	**3,243**	-	(207)	(207)
Total tax liabilities	-	**(38,255)**	**(38,255)**	-	(41,498)	(41,498)

Notes *(continued)*

12 Amounts due from related parties

Amounts owed by other members of The Travel Corporation Group, which are unsecured, non-interest bearing, and payable on demand are:

	Group		Company	
	2022	2021	**2022**	2021
	£	£	£	£
Amounts owed by related parties:				
Trafalgar Tours International Limited	**94,079**	56,018	-	-
Travel Projects Limited	**1,437**	172	-	-
Evan Evans Tours Limited	**20,998**	14,421	-	-
Morag's Lodges Limited	**2,228**	-	-	-
AAT King's Tours (UK) Limited	**30**	-	-	-
Tracoin Services Limited	**42,957**	-	-	-
Contiki Services Limited	**81,431**	46,986	-	-
Radical Travel Group	**105,622**	-	-	-
Brendan Vacations Limited	**10,264**	3,006	-	-
Red Carnation Hotels (UK) Limited	**22,855**	1,463,233	-	-
TTC Travel Group Limited	**14,212,579**	14,676,312	-	-
Uniworld River Cruises Inc	**208,539**	335,229	-	-
Travel Corporation Asia Limited	**570,882**	615,558	-	-
Travcorp S.A.	-	145,900	-	-
Travcorp Management Services Limited	-	-	**198,863**	197,803
TTC Group Services Limited	-	-	**50,000**	50,000
No Limits Limited	**14,458**	-	-	-
Evan Evans Transport Limited	-	1,060	-	-
Insight Vacations Limited	**23,680**	138,825	-	-
	15,412,039	17,496,720	**248,863**	247,803

13 Other receivables

	Group		Company	
	2022	2021	**2022**	2021
	£	£	**£**	£
VAT receivable	**96,646**	56,688	-	-
Other receivables	**103,576**	197,402	**61,265**	61,086
Prepayments and accrued income	**233,057**	247,223	**19,688**	18,853
	433,279	501,313	**80,953**	79,939

14 Cash and cash equivalents

	Group		Company	
	2022	2021	**2022**	2021
	£	£	**£**	£
Cash at bank	**1,814,824**	1,475,728	**319,870**	293,644

The group's exposure to interest rate risk, currency risk for financial assets and liabilities are disclosed in note 18.

Notes *(continued)*

15 Amounts due to related parties

Amounts owing to other members of The Travel Corporation Group, which are unsecured, non-interest bearing, and payable on demand, other than where noted, are:

	Group		Company	
	2022	2021	**2022**	2021
Amounts owed to related parties:	**£**	£	**£**	£
Trafalgar Tours International Limited (a)	**1,590,684**	1,510,981	**1,590,684**	1,510,981
Trafalgar Tours Limited	**226,854**	484,508	-	-
AAT King's (UK) Limited	-	395,190	-	-
No Limits Limited	**142,500**	203,247	-	-
Insight Vacations Limited	**75,869**	82,186	-	-
Travel Corporation Asia Limited	-	194	-	-
Mountbatten Limited	-	2,470	-	-
Insight Travel Services Limited	**593,486**	2,438,879	-	-
Insight Travel Group	**5,587**	5,587	-	-
The Travel Corporation Limited	-	4,500	-	-
Busabout Operations Limited	**1,823**	-	-	-
Red Carnations Hotels UK Limited	**222**	-	**222**	-
Tracoin Services Limited	-	285,897	-	-
TTC Travel Group	**16,500**	-	**7,500**	
Uniworld River Cruises	**1,117**	-	-	
Radical Travel Group Limited	-	24,145	-	-
Chesterfield (Mayfair) Limited	-	62,779	-	-
BBar Restaurant Limited	-	102,755	-	-
Montague Management Services Limited	-	105,564	-	-
Rubens Management Services Limited	**55,485**	827,865	-	-
Milestone Management Services Limited	-	444,766	-	-
41 Buckingham Palace Road Limited	-	20,570	-	-
Egerton House Management Limited	-	53,243	-	-
Summer Lodge Management Limited	-	97,501	-	-
Acorn Pub Management Services Limited	-	14,856	-	-
Princess Street Hotel Management Limited	-	3,964	-	-
	2,710,127	7,171,647	**1,598,406**	1,510,981

a) The loan with Trafalgar Tours International Limited is repayable on 31 December 2022 and accrues interest at Bank of England Base Rate +2%.

16 Trade and other payables

	Group		Company	
	2022	2021	**2022**	2021
	£	£	**£**	£
Trade payables	**236,616**	458,717	-	-
PAYE and social security	**418,999**	307,682	-	-
Other payables	**115,093**	53,625	**492**	937
Accruals and deferred income	**87,193**	98,323	**17,770**	29,609
	857,901	918,347	**18,262**	30,546

The group's exposure to interest rate risk, currency risk for financial assets and liabilities are disclosed in note 18.

Notes *(continued)*

17 Employee benefits

Pension plans

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

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

The value of the scheme's assets at 1 May 2022 was £29,881,000 which represented 84% of the present value of past service liability, based on projected pensionable salaries

To deal with the deficit, the participating employers have agreed to pay deficit contributions of £91,801 per month from May 2023 in order to eliminate the shortfall by 31 May 2026.

During the year ended 31 December 2022 £658,999 was charged against profits in respect of the defined benefit scheme *(2021: £257,887)* and £449,921 was charged against profits in respect of the defined contribution scheme *(2021: £496,882)*. The contribution paid by the group has been estimated based on the membership of the scheme at the date that future accrual ceased and adjusted for length of membership of the company if appropriate.

The scheme holds 17% (as at the balance sheet date) *(2021: 14%)* of its invested assets in long-dated gilts, which reduce the scheme's interest-rate risk by approximately 23% *(2021: 14%)*.

Although the plan liability is not reflected in the group's accounts, the directors present the following information about the plan assets and liabilities as ultimate parent level for information:

	2022 **£000**	2021 £000
Present value of funded defined benefit obligations	**25,471**	41,163
Fair value of plan assets	**(28,253)**	(33,453)
Net (asset)/liability	**(2,782)**	7,710

Movement in the present value of the defined benefit obligation:

	2022 **£000**	2021 £000
Liability for defined benefit obligations at 1 January	**41,163**	44,773
Interest cost	**774**	572
Benefits paid by the plan	**(817)**	(1,502)
Actuarial losses recognised in equity	**(15,649)**	(2,680)
Liability for defined benefit obligations at 31 December	**25,471**	41,163

Notes *(continued)*

17 Employee benefits *(continued)*

Movement in fair value of plan assets:

	2022 £000	2021 £000
Fair value of plan assets at 1 January	**33,453**	30,230
Interest income	**641**	387
Employer contributions	**1,371**	524
Benefits paid by the plan	**(817)**	(1,502)
Actuarial gains recognised in equity	**(6,395)**	3,814
Fair value of plan assets at 31 December	**28,253**	33,453

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

	2022 £000	2021 £000
Interest cost	**133**	186
	133	186

Plan assets consist of the following:

	2022 £000	2021 £000
Equity securities	**20,892**	24,489
Bonds	**5,408**	5,201
Property	**1,035**	1,174
Cash	**918**	2,589
	28,253	33,453

	2022 £000	2021 £000
Interest credit (on plan assets)	**640**	387
Actual return on plan assets	**(5,753)**	4,200

Notes *(continued)*

17 Pension scheme *(continued)*

Actuarial assumptions:

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

	2022	2021
	%	%
Discount rate	**4.8**	1.9
Future salary increases	**3.1**	3.7
Future pension increases on benefits accrued from 1997 to 2008	**3.7**	3.7
Future pension increases on benefits accrued post 2008	**3.0**	3.1
Rate of increase on deferred pensions	**2.5**	3.0
Retail Price Inflation - pre-retirement	**3.1**	3.7
Retail Price Inflation - post-retirement	**3.2**	3.3
Consumer Price Inflation - pre-retirement	**2.5**	3.0

No adjustments have been made to the mortality assumption at year end to reflect the potential effects of COVID-19 as we believe it is unlikely to provide a reliable indicator of future experience.

History of plans

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

	2022	2021	2020	2019	2018
	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	**(25,471)**	(41,163)	(44,773)	(40,988)	(36,468)
Fair value of plan assets	**28,253**	33,453	30,230	27,344	22,651
Surplus/(deficit) in the plan	**2,782**	(7,710)	(14,543)	(13,644)	(13,817)
Experience adjustments on plan liabilities	**(0.4%)**	(0.5%)	1.3%	1.6%	1.4%
Experience adjustments on plan assets	**(22.6%)**	11.4%	8.6%	14.1%	(8.0%)

Notes *(continued)*

18 Financial risk management objectives and policies

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

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

Credit risk

The group and company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk.

The intercompany balances are not considered to represent a significant risk by the directors. Amounts disclosed as current assets in the balance sheet best represent the maximum credit risk exposure in the event of other parties failing to perform their obligations under financial instruments.

	2022	2021
	£	£
Amounts due from related parties	**15,412,039**	17,496,720
Cash and cash equivalents	**1,814,824**	1,475,728
	17,226,863	18,972,448

Liquidity risk

The group and company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. Trade payables of £236,616 *(2021: £458,717)* are payable within 6 months or less from the year end. Related party payables of £2,710,127 *(2021: £7,171,647)* are due within one year.

Interest rate risk

The group and 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 result in difference in annual pre-tax profit of £18,148 based on Group cash, cash equivalents and financial instruments at 31 December 2022 *(2021: £14,757)*. At the balance sheet date, £1,814,824 *(2021: £1,475,322)* was invested with Lloyds TSB, this being the most invested with any bank.

Currency risk

Exposure to currency risk:

The group and company's exposure to foreign currency risk is negligible.

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)*

19 Leases (IFRS 16)

Right of use assets
Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 9):

	Leasehold Property £	**Total £**
Balance at 1 January 2021	3,333,792	3,333,792
Additions to right-of-use assets	-	-
Depreciation charge for the year	(950,838)	(950,838)
Effects of changes to lease agreements	(174,652)	(174,652)
Termination of lease in right-of-use assets	-	-
Balance at 31 December 2021	**2,208,302**	**2,208,302**
Balance at 1 January 2022	2,208,302	2,208,302
Additions to right-of-use assets	39,411	39,411
Depreciation charge for the year	(674,702)	(674,702)
Effects of changes to lease agreements	-	-
Termination of lease in right-of-use assets	(371,220)	(371,220)
Balance at 31 December 2022	**1,201,791**	**1,201,791**

Amounts recognised in profit or loss

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

Leases under IFRS 16	**2022 £**	2021 £
Interest expense on lease liabilities	**13,900**	46,794

COVID-19 related rent concessions

The amount recognised in profit or loss to reflect changes in lease payments that arise from rent concessions to which the Company has applied the practical expedient for COVID-19 related rent concessions is £160,000 *(2021: £413,085)*. These lease concessions relate to property rental contracts between the Group and other members of The Travel Corporation Group and all conditions under IFRS 16.46 have been met.

Notes *(continued)*

20 Contingencies

A subsidiary, Travel Corporation Asia (UK) Limited is acting as a guarantor in respect of a lease undertaken by a fellow subsidiary, Montague Travcorp Limited, guaranteeing that:

1. the under tenant Montague Management Services Limited will comply with its obligations and should the under tenant assign its lease, to guarantee the performance of the obligations of the assignee. The principal obligation of the under tenant is to pay an annual basic rent of £630,000 *(2021: £630,000)* to the landlord.
2. the tenant Montague Travcorp Limited will, if requested by the landlord, restore the premises to the state and condition it was in prior to any alterations having been made to the premises.

   A subsidiary, Travcorp Management Services Limited is acting as guarantor for the below companies:

- Guarantor in respect of a ten year lease undertaken by a fellow subsidiary, Evan Evans Tours Limited, guaranteeing that the tenant Evan Evans Tours Limited will comply with its obligations under the lease.
- The principal obligations of the tenant are to pay an annual basic rent of £63,000 *(2021: £63,000)* plus maintenance costs to the landlord, and account for all rates and taxed which fall due in respect of the property.

No liabilities are expected to arise under these guarantees, and no liabilities have been recognised in these financial statements.

21 Related party transactions

During the year the group provided services to companies related by way of common control as follows:

	2022	2021
	£	£
Provision of travel services		
Trafalgar Tours Limited	**112,600**	-
	112,600	-
Provision of administrative services		
Tracoin Services Limited	**-**	-
TTC Travel Group Limited	**19,504,017**	13,837,586
Travel Corporation Asia Limited	**427,819**	1,266,542
No Limits Limited	**10,267**	47,500
	19,942,103	15,151,628

During the year the group received services from companies related by way of common control as follows:

	2022	2021
	£	£
Rent		
No Limits Limited	**480,000**	480,000

Notes *(continued)*

21 Related party transactions *(continued)*

Transactions with related parties - Group

	2022	2021
	£	£
Administrative Services		
Insight Travel Services Limited	**126,205**	98,649
Radical Travel Group Limited	**21,345**	30,596
Contiki Services Limited	-	-
	147,550	129,245
	£	£
Tax Relief		
Red Carnation Hotels (UK) Limited	**240,980**	493,864

Transactions with related parties – Company

	2022	2021
	£	£
Administrative services		
Trafalgar Tours International Limited	**79,703**	48,446

During the year the key management personnel compensation, including directors' emoluments, comprised:

	2022	2021
	£	£
Short term employee benefits	**326,763**	-

In addition to their salaries, the group also provides non-cash benefits to directors and executive officers on behalf of other companies related by way of common control.

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of the group.

Details of the group's ultimate controlling party are included in note 24.

Notes *(continued)*

22 Loans and borrowings

Non-current liabilities	**2022**	2021
	£	£
Lease liabilities	**647,602**	1,561,634
Current liabilities		
Lease liabilities	**646,740**	807,453

23 Share capital

	Group 2022	**Company 2022**	Group 2021	Company 2021
	£	**£**	£	£
Allotted, called up and fully paid				
469,000 ordinary shares of £1 each	**469,000**	**469,000**	469,000	469,000

24 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 TTC Travel Group Limited, a company registered in Guernsey. The financial statements of this company are not available to the public.