

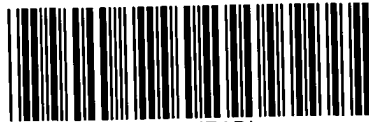
**Company Registration No. 04040059**

**Amadeus Services Limited**

**Annual Report and Financial Statements**

**For the year ended 31<sup>st</sup> December 2016**

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## **Amadeus Services Limited**

### **Annual Report and Financial Statements for the year ended 31st December 2016**

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## **Amadeus Services Limited**

### **Annual Report and Financial Statements for the year ended 31st December 2016**

#### **Officers and professional advisers**

##### **Directors**

T J Brennan

C D Giana

I Hann

##### **Company Secretary**

R D Howard

##### **Registered office**

World Business Centre Building 3  
1208 Newall Road  
Heathrow Airport  
Hounslow  
Middlesex  
TW6 2TA

##### **Bankers**

Deutsche Bank AG London  
PO Box 441  
6 Bishopsgate  
London  
EC2N 4DA

##### **Solicitors**

Rawlinson Butler  
Griffin House  
135 High Street  
Crawley  
West Sussex  
RH10 1DQ

##### **Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London  
United Kingdom

## Amadeus Services Limited

### Strategic Report

The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

#### Principal activity

The principal activity of Amadeus Services Limited (the “Company”) continues to be that of software consultancy and development for onward sale to other companies within the Amadeus IT Group (the “Group”). The Company is primarily involved in the research and development of Amadeus’ Airline IT range of products as well as the related customer implementations.

#### Performance review

Amadeus Services Limited is one of the various specialised companies around the world which form part of the Amadeus Group’s worldwide IT services strategy for airlines. Within this strategy, Amadeus Services Limited is an implementation and development centre functionally specialised in the Airline IT range under the Altea brand of products and also supporting Amadeus Airport products. The Company has continued to invest in the development of its products and to customise products as part of the process of airlines’ implementations. The Amadeus Group considers sustained investment in research and development a prerequisite for success in the medium to long term.

During the year the company completed the migration of British Airways and other airlines from legacy platforms purchased from British Airways in 2000. The legacy platforms have now been shut down. The Amadeus Group and consequently Amadeus Services Limited have increased the number of airline customers using its IT solutions. Major Altea implementation projects continuing during the year included Lufthansa, Southwest International, Japanese Airlines and British Airways. Major development work included Airport IT AirOS, Airline IT PSS evolution and e-commerce and e-retail. The performance of the business has been in line with expectations.

#### Results and dividends

The financial statements show a net profit during the year of £4,081,000 (2015 - £4,002,000). The directors paid a dividend of £2,950,000 during the year (2015 - £3,962,000).

#### Financial position

The balance sheet on page 13 of the financial statements shows that the net assets of the Company decreased from £4,546,000 at 31 December 2015 to £4,001,000 at 31 December 2016. This was principally due to the profit of the year of £4,081,000, offset by the payment of a dividend of £2,950,000 and an actuarial loss, net of tax of £1,987,000 on the Company’s defined benefit pension obligations. A prior period distribution arising of £311,000 in relation to the surrender of tax losses to another group company at less than their fair value has been reversed in the year as on finalisation of the tax returns insufficient tax losses arose for surrender to other group companies.

Non-current assets decreased from £2,408,000 to £2,212,000 due to depreciation exceeding additions on property, plant and equipment.

Current assets decreased from £13,594,000 to £13,323,000, largely due to a decrease in amounts owed by group companies at the year end, offset by an increase in other debtors, principally relating to tax repayments due.

Current liabilities decreased from £11,266,000 to £8,996,000 due to an increase in trade payments made at the end of the year and a reduction in amounts owed to other group companies.

Non-current liabilities increased from £190,000 to £2,538,000 due to an increase in the liability for the defined benefit pension scheme.

## Amadeus Services Limited

### Strategic Report (continued)

#### Principal risks and uncertainties

The Company's source of revenue is inter-group and is supported by a transfer price agreement between Amadeus Services Limited and its three main inter-group customers. The main business risk is the reliance on Group companies for all of the Company's business. The directors consider this risk to be mitigated by the profitability of the Group and the importance of the Company to the success of the Group.

The company does not see any major impacts from BREXIT. Amadeus customers are worldwide and contracts with these customers are held by other Amadeus companies for whom Amadeus Services Limited provide a service. We will continue to monitor the situation as it develops.

#### Key performance indicators

The main operational performance target for Amadeus Services Limited in the year was the achievement of implementation and development timetable milestones designated by Development Management at Amadeus SAS and implementation customers. All major milestones were met to the satisfaction of both Development Management and external customers. The following are key performance indicators for the Company:

	2016	2015
Revenue growth	3%	2%
Number of employees (at year end)	414	426
Number of man days spent on project activities	84,470	78,705

#### Future developments

The Directors anticipate, based on current plans that the Company will continue to show revenue in line with 2016 during 2017. The Amadeus Group is currently expanding the IT business and consequently Amadeus Services Limited has increased its activities in the new business areas of Airport IT and e-commerce.

This Strategic Report was approved by the Board of Directors on 24<sup>th</sup> May 2017 and signed on its behalf by:



T J Brennan  
Director

## Amadeus Services Limited

### Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31<sup>st</sup> December 2016.

#### **Financial risk management objectives and policies**

The Company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors of the ultimate parent company, which provide written principles on the use of financial instruments or derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

#### **Price risk**

Amadeus Services Limited has limited price risk as revenue is generated through a transfer pricing agreement between Amadeus Services Limited and the three main sites of Amadeus.

#### **Credit risk**

The Company is exposed to credit risk primarily through inter-company balances. The risk is considered to be low as the Group continues to trade profitably.

#### **Cash flow risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. This risk is managed at a Group level.

#### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company has the ability to access a mixture of long-term and short-term debt finance provided by Amadeus Group treasury.

#### **Directors**

The Directors who served during the year and to the date of this report were as follows:

T J Brennan  
C D Giana  
I Hann

#### **Director's indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **Research and development**

The Amadeus Group, of which the Company is a part, is committed to research and development activities principally in relation to product and process development, in order to secure its position as a world leader in the travel technology industry.

#### **Employment policies**

Amadeus' outstanding achievements are dependent on the contribution of every member of our staff. We have continued to focus our efforts towards making Amadeus a great place to work, a place where talent, expertise and success are recognised, where we continue to focus on innovation and where employees are empowered to achieve their professional goals.

#### **Employee diversity**

Multiculturalism, respect and openness are at the heart of our culture. The diversity of our staff enriches the Company with their different experiences and backgrounds. We explicitly outline a multicultural approach as the first of the primary core competencies required of our employees.

Equality among men and women is a key concern for Amadeus, whose efforts are focused on increasing awareness and reinforcing policies in this matter. Diversity, and with it equality among all employees, is the source of our incredible wealth in human assets, and the foundation for cohesion and constant progress within Amadeus.

## Amadeus Services Limited

### Directors' Report (continued)

#### *Employee diversity (continued)*

Amadeus Services Limited gives full consideration to employing disabled persons and making reasonable adjustments where necessary. Employees who become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions. Amadeus Services Limited is committed to equal opportunities for all its employees and potential employees. All individuals will be treated or considered for employment and advancement on the basis of their relative merits, abilities and qualifications.

#### *Compensation and benefits*

At Amadeus we offer competitive benefits to our employees that are specific to market needs and comply with local legislation.

We seek to incentivise our employees through variable remuneration schemes linked to individual and Company performance. We believe this comprehensive approach to reward reinforces our strong corporate culture and helps us maintain our sector leadership.

A competitive remuneration package is key to attract and retain the best talent. Amadeus provides comprehensive benefits packages (aligned with social security legislation, tax legislation and market practice). The majority of our permanent employees are entitled to a defined contribution retirement plan, life and disability insurance, a medical plan and comprehensive travel insurance for business trips, plus all business travellers and employees on international assignments are covered by an emergency medical and security cover.

The Company is also involved in several Group wide share-based payment schemes detailed in note 22 to the financial statements.

#### *Employee well being*

With regards to health and safety, our Company has a low injury and accident rate as a result of its activities taking place in an office environment. Nonetheless, we have proactively developed initiatives to improve employee health and well-being at work and considered the Company's "duty of care", which form part of our focus on employee welfare and satisfaction.

#### *Employment policies*

We provide our colleagues with easily accessible policies and information on our intranet. We recognise the importance of a fair, honest and transparent culture, to ensure our policies are right for our business and that they support our people. We have our Equal Opportunities, Diversity and Inclusion policies, to give both our managers and colleagues up-to-date information about working in, and supporting, a diverse environment recognising the talents that different colleagues bring to our business and supporting them as individuals. We pride ourselves on having an inclusive environment where colleagues are treated with dignity and respect. By encouraging diversity, and employing people with different experiences, backgrounds and talent, we aim to reflect the customers and communities we serve and strengthen and grow as a business. Our selection, training, development and promotion policies ensure equal opportunities for all colleagues regardless of factors such as gender, marital status, race, age, sexual preference and orientation, colour, creed, ethnic origin, religion or belief, disability (including colleagues who become disabled during service) or trade union affiliation. All decisions are based on merit. We are working continually to improve the communication channels we use to engage, consult, inform and connect with colleagues, both to enable awareness of the financial and economic factors affecting the Company's performance and to ensure our colleagues' voices are heard. Our colleagues' feedback is important to us and we recognise that to drive our business forward we must respond to their feedback to ensure they are engaged in the decisions we make for the business. We actively encourage colleagues to become involved in the financial performance of our business through a variety of voluntary share schemes offered by the Amadeus Group.

## Amadeus Services Limited

### Directors' Report (continued)

#### Going concern

The Amadeus Group operates a cash pooling arrangement for all major European locations in which the Company participates. The availability of the cash pooling arrangement increases the flexibility of cash asset management and strengthens the liquidity position for both local subsidiaries and the Group as a whole. As a result of the central management of the Group's funds and the strong relationship with its bankers, significant banking facilities are available to the subsidiaries via Group treasury. Under the cash pooling arrangement it is expected that the Group will meet the liquidity requirements of the Company, if and when required. It is forecast that there will be no requirement to use any external borrowings outside the Group over the year forecast.

The Group has considerable financial resources together with long-term contracts with a number of customers and vendors across different geographic areas. Significant portions of the Company's costs relate to development contractors. These could be reduced if required due to trade volume decreases or other economic downturns. This places the Company in a strong position to remain a profitable venture for the Group. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the uncertain current economic outlook.

The Directors, having assessed the responses of the directors of the Company's parent Amadeus IT Holding S.A. to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Amadeus group to continue as a going concern or its ability to continue with the current banking arrangements.

The Group periodically reviews the corporate entities within the Group as part of legal entity rationalisation programme. In 2017, this is expected to include a review of the Group legal entities operating in the UK. No decisions have been made at the date of approval of these financial statements. Furthermore, Amadeus IT Holding S.A. has demonstrated its commitment to the UK through investing in new premises which are expected to complete in 2017.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of Amadeus IT Holding S.A., the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Future developments

Details on future developments can be found in Strategic Report on page 3.

#### Dividends

Details on dividends paid can be found in Strategic Report on page 2.

#### Charitable contributions

The Company made charitable donations of £10,830 during the year (2015 - £3,512).

#### Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.



## Amadeus Services Limited

### Directors' Report (continued)

#### Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This report was approved by the Board of Directors on 24<sup>th</sup> May 2017 and signed on its behalf by:



T J Brennan  
Director

## Amadeus Services Limited

### Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

## **Independent auditor's report to the members of Amadeus Services Limited**

We have audited the financial statements of Amadeus Services Limited for the year ended 31<sup>st</sup> December 2016, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

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

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

## **Independent auditor's report to the members of Amadeus Services Limited (continued)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Hadleigh Shekle (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

25 May 2017

## Amadeus Services Limited

### Income statement For the year ended 31<sup>st</sup> December 2016

	Note	2016 £'000	2015 £'000
<b>Revenue</b>	4	59,845	57,894
Staff costs	7	(34,058)	(29,635)
Other operational charges		(20,317)	(22,563)
Depreciation	12	(1,149)	(843)
Consulting expense		(584)	(1,100)
<b>Operating profit</b>		<u>3,737</u>	<u>3,753</u>
Interest income	8	15	1
Finance costs	9	(7)	(43)
<b>Profit before taxation</b>	5	<u>3,745</u>	<u>3,711</u>
Tax	10	<u>336</u>	<u>291</u>
<b>Profit for the financial year attributable to owners of the Company</b>	20	<u><u>4,081</u></u>	<u><u>4,002</u></u>

Revenue and operating profit are all derived from continuing operations.

**Amadeus Services Limited**

**Statement of comprehensive income  
For the year ended 31<sup>st</sup> December 2016**

	<b>Note</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Profit for the year		4,081	4,002
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Actuarial loss on defined benefit pension plan	23	(2,359)	(430)
Income tax relating to items that will not be reclassified subsequently to profit or loss	16	372	92
Other comprehensive loss for the year, net of tax		<u>(1,987)</u>	<u>(338)</u>
Total comprehensive income attributable to the owners of the Company		<u><u>2,094</u></u>	<u><u>3,664</u></u>

## Amadeus Services Limited

### Balance sheet

As at 31<sup>st</sup> December 2016

	Note	2016 £'000	2015 £'000
<b>Non-current assets</b>			
Property, plant and equipment	12	1,577	2,230
Deferred tax assets	16	635	178
		<u>2,212</u>	<u>2,408</u>
<b>Current assets</b>			
Trade and other receivables	13	13,323	13,593
Cash and bank balances	13	-	1
		<u>13,323</u>	<u>13,594</u>
<b>Total assets</b>		<u>15,535</u>	<u>16,002</u>
<b>Current liabilities</b>			
Trade and other payables	14	8,978	10,985
Borrowings	15	8	-
Obligations under finance leases	17	10	73
Provisions	18	-	208
		<u>8,996</u>	<u>11,266</u>
<b>Net current assets</b>		<u>4,327</u>	<u>2,328</u>
<b>Total assets less current liabilities</b>		<u>6,539</u>	<u>4,736</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations	23	2,538	190
		<u>2,538</u>	<u>190</u>
<b>Total liabilities</b>		<u>11,534</u>	<u>11,456</u>
<b>Net assets</b>		<u>4,001</u>	<u>4,546</u>
<b>Equity</b>			
Share capital	19	50	50
Retained earnings	20	3,951	4,496
<b>Equity attributable to owners of the Company</b>		<u>4,001</u>	<u>4,546</u>

The financial statements of Amadeus Services Limited, registered number 04040059, were approved by the Board of Directors and authorised for issue on 24<sup>th</sup> May 2017. They were signed on its behalf by:



T J Brennan  
Director

## Amadeus Services Limited

### Statement of changes in equity For the year ended 31<sup>st</sup> December 2016

	Note	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2015		50	4,956	5,006
Profit for the year		-	4,002	4,002
Other comprehensive loss for the year		-	(338)	(338)
Total comprehensive income for the period		-	3,664	3,664
Dividends		-	(3,962)	(3,962)
Distribution		-	(162)	(162)
Balance at 31 December 2015		50	4,496	4,546
Profit for the period		-	4,081	4,081
Other comprehensive loss for the year	23	-	(1,987)	(1,987)
Total comprehensive income for the year		-	2,094	2,094
Dividends	20	-	(2,950)	(2,950)
Contribution	20	-	311	311
Balance at 31 December 2016		50	3,951	4,001



## Notes to the financial statements

### For the year ended 31<sup>st</sup> December 2016

#### 1. General information

Amadeus Services Limited is a Company incorporated in the United Kingdom under the Companies Act.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

These financial statements are presented in pounds sterling rounded to the nearest thousands because that is the currency of the primary economic environment in which the Company operates.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

#### 2. Significant accounting policies

##### Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures are given in the Group financial statements of Amadeus IT Group S.A. The Group financial statements of Amadeus IT Group S.A are available to the public and can be obtained as set out in note 24.

The financial statements have been prepared on a historical cost basis, except for the revaluation of financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

##### Going concern

The company's business activities, together with the factors likely to affect its future development and position are set out in the Strategic Report and Directors' Report.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the company's parent Amadeus IT Holding S.A. to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Amadeus group to continue as a going concern or its ability to continue with the current banking arrangements.

The Amadeus IT Holding S.A. Group (further the "Group") periodically reviews the corporate entities within the Group as part of legal entity rationalisation programme. In 2017, this is expected to include a review of the Group legal entities operating in the UK. No decisions have been made at the date of approval of these financial statements. Furthermore, Amadeus IT Holding S.A. has demonstrated its commitment to the UK through investing in new premises which are expected to complete in 2017.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Amadeus IT Holding S.A., the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## Notes to the financial statements

### For the year ended 31<sup>st</sup> December 2016

#### 2. Significant accounting policies (continued)

##### Plant, property and equipment

Assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on cost in equal instalments over the estimated useful lives of the assets, using the straight-line method applying the following useful economic lives:

Leasehold improvements	-	15 years
Office furniture and equipment	-	10 years
Computer equipment	-	3 years

##### Impairment of property, plant and equipment

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

##### Revenue recognition

Revenue is measured at the fair value of the consideration received and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes. The Company incurs expenditure that is similar to research and development expenditure but is not capitalised as it is invoiced as incurred and therefore there is no work-in-progress.

##### Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## Notes to the financial statements

### For the year ended 31<sup>st</sup> December 2016

#### 2. Significant accounting policies (continued)

##### Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the year in which they occur. They are recognised outside profit or loss and presented in the Statement of Comprehensive Income. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average year until the benefits become vested.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

##### Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items is included in the profit and loss account for the year.

##### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying capital assets, in which case they are capitalised.

Contingent rentals are recognised as expenses in the years in which they are incurred. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## Notes to the financial statements

### For the year ended 31<sup>st</sup> December 2016

#### 2. Significant accounting policies (continued)

##### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### Share-based payments

Amadeus IT Group S.A. issues equity-settled share-based payments to some of the Company's employees. Equity settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting year, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a binomial pricing model.

Where Amadeus IT Group S.A. as the Company's parent company has granted rights to its equity instruments to employees of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the Company is not recharged by its parent.

Where Amadeus IT Group S.A. recharges the Company for the market value of these shares on vesting, and has a right to reimbursement from the Company, a liability is recognised equal to the estimate of the reimbursement due to the parent at the end of the reporting year with the difference between the share-based payment charge and the liability recorded in equity.

##### Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

##### Financial assets

##### Trade receivables

Trade receivables are measured at cost, which amounts to the fair value of the asset. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows.

## Notes to the financial statements

### For the year ended 31<sup>st</sup> December 2016

#### 2. Significant accounting policies (continued)

##### **Cash and bank balances**

Cash and bank balances comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### **Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

##### **Trade payables**

Trade payables are initially measured at cost, which also amounts to the fair value.

##### **Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

##### **Research and development**

The Company incurs expenditure that is similar to research and development but is not capitalised, as it is invoiced on to other Group companies as incurred. As a result, there are no associated intangible assets.

#### 3. Critical accounting judgements and key sources of estimation uncertainty

##### *Critical judgements in applying the Company's accounting policies*

In the process of applying accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations which are dealt with below).

##### **Deferred taxation**

The deferred tax asset has been recognised in full on the basis that future profits are expected within the UK Group on which these assets can be realised. For the purposes of measuring the deferred tax asset of the Company, a tax rate of 17% has been deemed appropriate, on the expectation that a significant proportion of the assets will not be realised before the tax rate falls to 17% in 2020.

##### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### **Retirement benefit schemes**

The Company operates a funded retirement benefit scheme for qualifying employees which is now closed to future accrual. The assets of the scheme are held in separate funds. A full actuarial valuation was carried out at 31 March 2011 and updated to 31 December 2016 by a qualified independent actuary using the projected unit credit method. An explanation of key uncertainties or assumptions used by management in accounting for these items is explained where material in note 23.

##### **Impairment of non-current assets**

The Company periodically evaluates the carrying value of non-current assets for potential impairment. As a result of this evaluation, a corresponding provision is recognised whenever the carrying amount of an asset exceeds its recoverable amount by reducing the carrying amount of the asset to its recoverable amount, with the corresponding charge to the income statement.

**Notes to the financial statements**  
**For the year ended 31<sup>st</sup> December 2016**

**4. Revenue**

An analysis of the Company's revenue is as follows:

	<b>2016</b>			<b>Total</b>
	<b>Commercial £'000</b>	<b>Development £'000</b>	<b>Operations £'000</b>	<b>£'000</b>
Revenue	10,533	45,474	3,838	59,845
Interest income (note 8)				15
				<u>59,860</u>

	<b>2015</b>			<b>Total</b>
	<b>Commercial £'000</b>	<b>Development £'000</b>	<b>Operations £'000</b>	<b>£'000</b>
Revenue	3,032	50,785	4,077	57,894
Interest income (note 8)				1
				<u>57,895</u>

The Company's activities can be analysed into three revenue streams: the research and development of software, the marketing and sale of software and the support of live systems, which are allocated to Development, Commercial and Operations respectively.

An analysis of the Group's revenue by geographical market is set out below.

	<b>2016</b>		<b>Total</b>
	<b>Europe £'000</b>	<b>USA £'000</b>	<b>£'000</b>
Revenue	58,414	1,431	59,845
Interest income (note 8)	15	-	15
	<u>58,429</u>	<u>1,431</u>	<u>59,860</u>

	<b>2015</b>	<b>Total</b>
	<b>Europe £'000</b>	<b>£'000</b>
Revenue	57,894	57,894
Interest income (note 8)	1	1
		<u>57,895</u>

## Notes to the financial statements

### For the year ended 31<sup>st</sup> December 2016

#### 5. Profit for the year

	2016 £'000	2015 £'000
<b>Profit for the year has been arrived at after charging:</b>		
Net foreign exchange (gains)/losses	(1,959)	562
Depreciation of tangible fixed assets (owned)	1,055	708
Depreciation of tangible fixed assets (leased)	94	135
Loss on disposal of property, plant and equipment	26	-
Staff costs (see note 7)	34,058	29,635
	<u>34,058</u>	<u>29,635</u>

#### 6. Auditor's remuneration

	2016 £'000	2015 £'000
The analysis of auditor's remuneration is as follows:		
Fees payable for the audit of the Company's annual financial statements	30	18
Fees payable for taxation compliance services	24	14
	<u>54</u>	<u>32</u>

#### 7. Staff costs

	2016 No.	2015 No.
<b>Average monthly number of employees, including directors, was:</b>		
Administration	21	21
Commercial	76	60
Development	290	293
Technical	24	24
	<u>411</u>	<u>398</u>

	2016 £'000	2015 £'000
<b>Their aggregate remuneration (including directors) comprised:</b>		
Wages and salaries	28,987	25,028
Social security costs	3,210	2,909
Pension costs	1,861	1,698
	<u>34,058</u>	<u>29,635</u>

Two directors are compensated by the Company for their services as directors (2015 – two) as the remaining directors are employees of other Amadeus Group companies who are remunerated by those companies and who do not receive remuneration for their services as directors of the Company.

**Notes to the financial statements**  
**For the year ended 31<sup>st</sup> December 2016**

**7. Staff costs (continued)**

	2016 £'000	2015 £'000
<b>Directors' remuneration:</b>		
Emoluments	333	314
Pension contributions to defined contribution scheme	11	19
Share Based Payment	56	1
	<u>400</u>	<u>334</u>

The highest paid director had an aggregate amount of a total of £236,297. The accrued pension benefits for the highest paid director at the year-end were £52,230 (2015 - £49,759).

During the year, one director (2015 – one) participated in the defined benefit pension scheme. The Company made contributions in the year of £nil (2015 - £nil) in respect of this director. The scheme was closed in 2011.

Since the closure of the defined benefit pension scheme, one director has transferred to the defined contribution pension scheme (2015 – one).

For the year ended 31 December 2016, two directors (2015 - 2 directors) participated in Company share option schemes and as at the year-end amounts accrued totalled £47,656 (2015 - £27,050). In the year ended 31 December 2016, two directors were issued shares through the Company share option scheme.

**8. Interest income**

	2016 £'000	2015 £'000
Interest income on defined benefit pension scheme	11	-
Intercompany interest income	4	-
Other interest income	-	1
	<u>15</u>	<u>1</u>

**9. Finance costs**

	2016 £'000	2015 £'000
Other finance charges	2	22
Interest payable to Group companies	5	21
	<u>7</u>	<u>43</u>



**Notes to the financial statements**  
**For the year ended 31<sup>st</sup> December 2016**

**10. Tax**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Corporation tax		
- UK Corporation tax	(110)	(360)
Adjustments in respect of prior years		
- UK Corporation tax	(142)	36
Deferred tax (note 16)	(84)	33
Total tax credit	<u>(336)</u>	<u>(291)</u>

Corporation tax is calculated at 20% (2015 - 20.25%) of the estimated taxable profit for the year.

The charge for the year can be reconciled to the profit in the income statement as follows:

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Profit before tax	3,745	3,711
Tax at the UK corporation tax rate of 20% (2015 - 20.25%)	749	751
Effects of:		
Disallowed expenses and non-taxable income	66	(3)
Change in tax rate	(20)	4
Research and development relief	(1,008)	(1,078)
Adjustments to tax charge in respect of previous years	(123)	34
Tax expense for the year	<u>(336)</u>	<u>(291)</u>

Total corporation tax losses of the value £621,000 were shown as due to be surrendered to Amadeus Marketing (UK) Limited in the 2014 and 2015 financial statements and that the Company would be paid £310,500 for these losses, with the difference between the fair value of the tax losses and the cash receivable recognised as a distribution. On finalisation of the Company's tax return for the years ended 31 December 2014 and 2015, tax losses did not arise and consequently the distribution has been reversed in the current year (see note 20).

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised in other comprehensive income:

**Notes to the financial statements**  
**For the year ended 31<sup>st</sup> December 2016**

**10. Tax (continued)**

	2016	2015
	£'000	£'000
<b>Deferred tax:</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Decrease/(increase) in deferred tax asset on share-based payments in excess of income statement amounts	23	(16)
Increase in deferred tax asset on retirement benefit obligation	(395)	(76)
Total income tax recognised in other comprehensive income	<u>(372)</u>	<u>(92)</u>

**11. Dividends**

**Amounts recognised as distributions to equity holders in the year:**

Dividend for the year ended 31 December 2015 of £79.24 per share	-	3,962
Dividend for the year ended 31 December 2016 of £59.00 per share	<u>2,950</u>	<u>-</u>

**12. Property, plant and equipment**

	Leasehold improvements £'000	Office furniture and equipment £'000	Computer equipment £'000	Total £'000
<b>Cost</b>				
At 1 <sup>st</sup> January 2016	3,232	1,885	4,089	9,206
Additions	43	30	450	523
Disposals	-	(122)	(2,428)	(2,550)
At 31 <sup>st</sup> December 2016	<u>3,275</u>	<u>1,793</u>	<u>2,111</u>	<u>7,179</u>
<b>Accumulated depreciation</b>				
At 1 <sup>st</sup> January 2016	2,451	1,292	3,233	6,976
Charge for the year	402	182	565	1,149
Disposals	-	(122)	(2,401)	(2,523)
At 31 <sup>st</sup> December 2016	<u>2,853</u>	<u>1,352</u>	<u>1,397</u>	<u>5,602</u>
<b>Carrying amount</b>				
At 31 <sup>st</sup> December 2016	<u>422</u>	<u>441</u>	<u>714</u>	<u>1,577</u>
At 31 <sup>st</sup> December 2015	<u>781</u>	<u>593</u>	<u>856</u>	<u>2,230</u>

Included within computer equipment is a carrying amount of £15,231 (2015 - £109,566) which is under finance leases. Depreciation in the year on these assets was £94,334 (2015 - £135,371). The Company had no contractual commitments for the acquisition of property, plant and equipment.

## Notes to the financial statements

### For the year ended 31<sup>st</sup> December 2016

#### 13. Financial and other current assets

##### Trade and other receivables

	2016 £'000	2015 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	10,898	12,251
Prepayments and accrued income	1,114	904
Other receivables	1,311	438
	<u>13,323</u>	<u>13,593</u>

##### Cash and bank balances

	2016 £'000	2015 £'000
Cash and bank balances	-	1

Cash and bank balances comprise cash held by the Company with an original maturity of 3 months or less. As at 31<sup>st</sup> December 2016, the Company's portion of the Group's cash pooling arrangement was a deposit of £3,212,000 (2015 – £1,786,000).

#### 14. Other financial liabilities

##### Trade and other payables

	2016 £'000	2015 £'000
Trade payables	662	1,163
Amounts owed to group undertakings	964	3,992
Taxation and social security	1,411	740
Accruals and deferred income	5,941	5,090
<b>Included in current liabilities</b>	<u>8,978</u>	<u>10,985</u>

#### 15. Borrowings

	2016 £'000	2015 £'000
<b>Unsecured borrowing</b>		
Amounts owed to group undertakings	8	-
<b>Total borrowings</b>	<u>8</u>	<u>-</u>
 Amount due for settlement within 12 months:		
Amounts owed to group undertakings	8	-
	<u>8</u>	<u>-</u>

The interest rate on overdrafts is 7.5%

## Notes to the financial statements

### For the year ended 31<sup>st</sup> December 2016

#### 16. Deferred tax

The following are the major deferred tax liabilities and (assets) recognised by the Company and movements therein during the current and prior year.

	Accelerated tax depreciation	Short- term timing differen ces	Retirement benefit obligations	Total
	£'000	£'000	£'000	£'000
At 1 <sup>st</sup> January 2015	(96)	(69)	46	(119)
(Credit)/charge to profit and loss account	(25)	66	(5)	36
Adjustment to prior year - profit and loss account	70	(72)	-	(2)
(Credit)/charge direct to equity	-	4	(76)	(72)
Adjustment to prior year - equity	-	(20)	-	(20)
At 31 <sup>st</sup> December 2015	(51)	(92)	(35)	(178)
(Credit) to profit and loss account (note 10)	(68)	(35)	(1)	(104)
Adjustment to prior year - profit and loss account (note 10)	44	(25)	-	19
Charge/(credit) direct to equity	-	23	(395)	(372)
At 31 <sup>st</sup> December 2016	(75)	(129)	(431)	(635)

The UK Government has enacted reductions to the standard rate of UK corporation tax, which will affect the total tax charges or credits in future years. The rate decreased to 20% with effect from 1 April 2015 and will further reduce to 19% effective from 1 April 2017 with a further 2% reduction to 17% effective from 1 April 2020. The above deferred tax assets have been recognised at a rate of 17%.

#### 17. Obligations under finance leases

The Company holds computer hardware with an estimated useful life of three years under a three-year finance lease.

	2016 £'000	2015 £'000
<b>The future minimum lease payments are as follows:</b>		
Within one year	10	73
	<u>10</u>	<u>73</u>
	<u>10</u>	<u>73</u>
<b>The obligation is classified as:</b>		
	2016 £'000	2015 £'000
Current finance lease payables	10	73
	<u>10</u>	<u>73</u>
	<u>10</u>	<u>73</u>

The future minimum lease payment is equivalent to the present value of the finance lease liability.

## Notes to the financial statements

### For the year ended 31<sup>st</sup> December 2016

#### 18. Provisions

	Current £'000
As at 1 <sup>st</sup> January 2015	208
Charged during the year	-
Utilised during the year	-
Released during the year	-
	<hr/>
At 31 <sup>st</sup> December 2015	208
Charged during the year	-
Utilised during the year	-
Released during the year	(208)
	<hr/>
At 31 <sup>st</sup> December 2016	-
	<hr/>

During the year ended 31 December 2013, a provision of £208,000 was recorded for the expected cost of certain employee related taxes which were the subject of ongoing review with the relevant tax authority. The tax review was resolved during the year ended 31 December 2016.

#### 19. Share capital

	2016 £'000	2015 £'000
<b>Authorised:</b>		
50,000 ordinary shares of £1 each	50	50
	<hr/>	<hr/>
	2016 £'000	2015 £'000
<b>Issued and fully paid:</b>		
50,000 ordinary shares of £1 each	50	50
	<hr/>	<hr/>

Shares are held in trust on behalf of the immediate parent company, Amadeus IT Group SA. The ordinary shares entitle the owners to appoint or remove officers of the Company and to receive dividends from the Company when it is deemed acceptable.

#### 20. Retained earnings

	2016 £'000	2015 £'000
Balance at 1 January	4,496	4,956
Dividends	(2,950)	(3,962)
Profit for the financial year	4,081	4,002
Contribution / (distribution)	311	(162)
Other comprehensive loss, net of tax	(1,987)	(338)
	<hr/>	<hr/>
Balance at 31 December	3,951	4,496
	<hr/>	<hr/>

## Notes to the financial statements

### For the year ended 31<sup>st</sup> December 2016

#### 20. Retained earnings (continued)

The 2015 and 2014 financial statements were prepared on the basis that tax losses of £621,000 will be surrendered to other Group companies and that the Company would be paid £310,500 for these losses, with the difference between the fair value of the tax losses and the cash receivable recognised as a distribution. On finalisation of the Company's tax return for the years ended 31 December 2014 and 2015, tax losses did not arise and consequently the distribution has been reversed in the current year.

#### 21. Operating lease arrangements

	2016 £'000	2015 £'000
Minimum lease payments under operating lease recognised as an expense in the year	2,871	3,124

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2016 £'000	2015 £'000
Within one year	3,350	2,871
In the second to fifth years inclusive	1,766	-
	5,116	2,871

Operating lease payments represent rentals payable by the Company for its office properties and equipment.

#### 22. Share-based payments

##### Share issue plan

Amadeus IT Group S.A. issues to certain of the Company's employees shares of the parent at the date of exercise of the plan, for which the Company reimburses the cost to Amadeus IT Group S.A. These share awards are accounted for as equity-settled share-based payments. The share match plan (SMP) is also available to eligible employees, including those of the Company, to purchase shares in Amadeus IT Group S.A. The plan incentive is a matching of 1 "free" share for every 2 shares purchased (issue date 2018).

The parent company has issued the first five Performance Share Plans (PSP I, PSP II, PSP III, PSP 2013), two Restrictive Share Plans (RSP) and one Share Match Plan (SMP 2014) and the Company is recording a share-based payment expense for three more PSP (PSP 2014, PSP 2015, PSP 2016), two Restrictive Share Plans (RSP) and two Share Match Plans (SMP 2015 and SMP 2016). The total fair value of shares issued in 2016 was £384,142 (2015 - £nil). The Company has recorded a share-based payment expense in 2016 of £332,998 as follows:

PSP 2013 (issue date 2016) £32,715 (2015 - £40,225)
PSP 2014 (issue date 2017) £81,212 (2015 - £59,365)
PSP 2015 (issue date 2018) £73,431 (2015 - £31,642)
PSP 2016 (issue date 2018) £30,159 (2015 - £nil)
RSP (issue dates 2016-2018) £13,159 (2015 - £2,014)
SMP 2014 (issue date 2016) £20,123 (2015 - £50,813)
SMP 2015 (issue date 2017) £50,889 (2015 - £24,215)
SMP 2016 (issue date 2018) £31,310 (2015 - £nil)

## Notes to the financial statements

### For the year ended 31<sup>st</sup> December 2016

#### 22. Share-based payments (continued)

The average remaining contractual life of outstanding share options is 1.5 years (2014: 1.5 years).

The weighted average share price at the date of exercise for shares exercised in the year was €38.73 (2015 - €36.35).

#### 23. Retirement benefit obligations

##### **Defined contribution scheme**

The Company operates a defined contribution retirement benefit scheme for qualifying employees. The assets of the scheme are held separately from those of the Company in funds under control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to the profit and loss account of £1,860,532 (2015 - £1,697,962) represents contributions payable to the scheme by the Company at rates specified in the rules of the plan. As at 31<sup>st</sup> December 2016 contributions of £154,750 (2015 - £nil) due in respect of the current year had not been paid over to the scheme.

##### **Defined benefit schemes**

The Company operates a funded benefit scheme for qualifying employees. The assets of the plan are held in separate funds. A full actuarial valuation was carried out at 31 March 2013 by Aon Hewitt and updated to 31 December 2016 by a qualified independent actuary, Willis Towers Watson, using the projected unit credit method. The trustees of the pension fund are made up of an equal number of representatives from the employer and employees. The trustees of the pension fund are required by law and by its articles of association to act in the interest of the fund and of all relevant stakeholders in the scheme.

The trustees are responsible for the investment policy with regards to the assets of the fund. Under the Amadeus Services Ltd Pension and Life Assurance Plan, the scheme members are entitled to post-retirement yearly instalments amounting to 1.786% of final pensionable salary for each year of service up to 31 March 2011, at which point accrual of additional pension ceased in the final salary section of the plan.

The employer contribution rate to the plan for the year ended 31<sup>st</sup> December 2016 was nil (2015 - nil). The contribution rate for 2017 is expected to be nil. The scheme was closed to future accrual on 31<sup>st</sup> March 2011 and benefits for future service of all existing members moved to a defined contribution scheme under modified rules.

The plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

##### **Investment risk**

The present value of the defined plan liability is calculated using a discount rate determined by reference to market yields, at the balance sheet date, on high quality corporate bonds. If the return on plan assets is below this rate, it will create a plan deficit. Currently, the plan has a 44% investment in equity securities, 36% investment in debt securities and 20% investment in others.

##### **Interest rate risk**

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

##### **Longevity risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of CMI 2013 core projections subject to a long term trend of 1.5% pa. An increase in the life expectancy of the plan participants will increase the plan's liability.

##### **Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

## Notes to the financial statements

### For the year ended 31<sup>st</sup> December 2016

#### 23. Retirement benefit obligations (continued)

##### *Salary risk (continued)*

##### *Sensitivity analysis*

A significant actuarial assumption for the determination of the defined obligation is the discount rate. The sensitivity analysis below has been determined based on reasonably possible changes of the discount rate occurring at the end of the reporting year, while holding all other assumptions constant.

If the discount rate increases (decreases) by 0.10%, the defined benefit obligation would decrease by £638,000 (increase by £654,000).

If price inflation increases (decreases) by 0.10%, the defined benefit obligation would increase by £550,000 (decrease by £538,000).

If life expectancy increases (decreases) by 1 year, the defined benefit obligation would increase by £1,018,000 (decrease by £964,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation as other assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

##### **The financial assumptions used by the actuary were:**

	2016 %	2015 %
RPI inflation	3.50	3.40
Discount rate	2.60	3.80
Pension increases for in-payment benefits	3.15	3.20
Pension increases for deferred benefits	2.50	2.40

##### **The amounts recognised in the profit and loss account are as follows:**

	2016 £'000	2015 £'000
Net interest income on net defined benefit asset	11	-

##### **Reconciliation of scheme assets and liabilities to the balance sheet**

	2016 £'000	2015 £'000
Present value of defined benefit obligations	(26,551)	(19,983)
Fair value of scheme assets	24,013	19,793
Liability recognised in the balance sheet	<u>(2,538)</u>	<u>(190)</u>



**Notes to the financial statements**  
**For the year ended 31<sup>st</sup> December 2016**

**23. Retirement benefit schemes (continued)**

**Changes in the present value of the defined benefit liability are as follows:**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations at 1 January	19,983	19,723
Interest cost	754	745
Benefits paid	(290)	(244)
Actuarial gain due to changes in demographic assumptions	-	-
Actuarial loss/ (gain) due to changes in financial assumptions	6,525	(76)
Actuarial gain due to experience adjustments	(421)	(165)
	<hr/>	<hr/>
Present value of funded obligations at 31 December	<b>26,551</b>	<b>19,983</b>

**Changes in the fair value of scheme assets are as follows:**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets at 1 January	19,793	19,954
Benefits paid	(290)	(244)
Interest income on plan assets	765	754
Return on plan assets (excluding amounts included in net interest)	3,745	(671)
	<hr/>	<hr/>
Fair value of scheme assets at 31 December	<b>24,013</b>	<b>19,793</b>

**Analysis of amounts recognised in other comprehensive income**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial (loss) due to changes in demographic assumptions	-	-
Actuarial (loss)/gain due to changes in financial assumptions	(6,525)	76
Actuarial gain due to experience adjustments	421	165
Return on plan assets (excluding amounts included in net interest)	3,745	(671)
	<hr/>	<hr/>
Total re-measurements recognised in other comprehensive income	<b>(2,359)</b>	<b>(430)</b>
Cumulative amount of loss recognised in SOCI	<b>(2,886)</b>	<b>(527)</b>

**Notes to the financial statements**  
**For the year ended 31<sup>st</sup> December 2016**

**23. Retirement benefit schemes (continued)**

**Statement of recognised income and expense**

The assets in the plan and the expected rate of return were:

	Expected rate of return at 31 December 2016 %	Fair value at 31 December 2016 £'000	Expected rate of return at 31 December 2015 %	Fair value at 31 December 2015 £'000	Expected rate of return at 31 December 2014 %	Fair value at 31 December 2014 £'000
Corporate bonds and index linked gilts	2.60	8,645	3.80	13,342	3.60	13,463
Equities	2.60	6,483	3.80	6,451	3.60	6,491
Other	2.60	8,885		-		-
Total fair value assets		<u>24,013</u>		<u>19,793</u>		<u>19,954</u>

	Expected rate of return at 31 December 2013 %	Fair value at 31 December 2013 £'000	Expected rate of return at 31 December 2012 %	Fair value at 31 December 2012 £'000	Expected rate of return at 31 December 2011 %	Fair value at 31 December 2011 £'000
Corporate bonds and index linked gilts	4.40	11,463	4.60	11,277	4.10	13,887
Equities	4.40	6,292	4.60	5,329	4.10	1,673
Total fair value assets		<u>17,755</u>		<u>16,606</u>		<u>15,560</u>

The average duration of the benefit obligation at 31 December 2016 is 25 years (2015 - 22 years). The estimated amounts of contributions to be paid to the scheme during the year ending 31 December 2016 is £nil (2015 - £nil).

## **Amadeus Services Limited**

### **Notes to the financial statements For the year ended 31<sup>st</sup> December 2016**

#### **24. Ultimate parent undertaking**

The ultimate controlling company and ultimate controlling party is Amadeus IT Group S.A., which is registered in Spain, which is the parent of both the smallest and largest Group for which consolidated financial statements are prepared of which the Company is a part. Consolidated financial statements may be obtained from Calle Salvador de Madariaga 1, 28027, Spain.