

Holidaybreak Limited

Annual report and financial statements

for the year ended 31 March 2018

Registered number: 02305562

please refer Note 34 on page 55 for section 479A

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Holidaybreak Limited

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Holidaybreak Limited

Company information

The Company is a private limited company.

Directors

A A P Kerkar
A P Menon
P S Patel
U Kerkar
N Bali

Registered office

3rd Floor
30 Millbank
London
SW1P 4DU
United Kingdom

Registered number:

02305562 (England and Wales)

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Holidaybreak Limited

Strategic report

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

Business review

The principal activities of the Group are the provision of worldwide educational and activity trips and hotel accommodation in the UK and continental Europe.

The subsidiary and associated undertakings affecting the profits and net assets of the Group in the year are listed in note 51 to the financial statements.

All the Group earnings and expenses reported below include the discontinued operations unless stated otherwise.

Group turnover in the year was £239.1m (2017: £212.9m) and headline EBITDA¹ was £44.0m (2017: £42.7m). The Bookit business was sold on 20 April 2017. Excluding this business Group turnover was £239.1m (2017: £209.8m) and headline EBITDA¹ was £44.0m (2017: £43.6m).

The profit after taxation for the year amounted to £18.8m (2017: £17.2m). The result for the year for the Group reflects separately disclosed items of £0.7m (2017: £1.2m) (see note 7), the profit on sale of discontinued operations of £0.2m (2017: £nil) and profit on sale of tangible fixed assets of £0.1m (2017: £0.1 m). In the year to 31 March 2018, the profit before tax was £26.6m (2017: £24.6m). The movement in profit before tax is principally attributable to increase in operating profit by £5.2m during the year.

Significant disposals

The Company sold its Bookit Business in April 2017 generating one off profits on disposal of £0.2m after directly attributable costs of sale. Please refer to note 15 and 31 for further details.

Finance costs

Group finance costs (net of investment income) for the year were £11.9m (2017: £10.9m).

Taxation

The tax charge, including full provision for deferred tax, for the Group was £7.8m (2017: £7.4m). The effective rate of corporate tax was 29.3% (2017: 30.0%).

Balance sheet

Net assets of the Group were £199.7m (2017: £182.5m). The movement in net assets is principally attributable to the profit for the year of £18.8m.

Cash flow and bank facilities

The Group's net borrowings (borrowings less the cash and bank balance) at 31 March 2018 were £150.9m, compared to £145.4m as at 31 March 2017. Cash inflow from operating activities was £29.3m (2017: £30.6m). Refer to note 32 for additional details.

On 30 June 2017, the Group enacted an amendment of its £217m committed credit facilities in order to support the strategic outlook of the Group. In doing so the expiry term of the facilities was extended by eighteen months to March 2021, and March 2022. At the same time, the Group amended the terms within the credit facility including the introduction of a two-year moratorium to the amortisation of the term loan with effect from 30 June 2017.

Capital expenditure

Capital expenditure on fixed assets and other intangible assets in the year to 31 March 2018 was £19.7m (2017: £14.8m). Most of this capital expenditure is on account of expansion and refurbishment in PGL and Meininger.

¹Headline EBITDA is calculated as being operating profit before restructuring costs of £0.7m (2017: £1.2m), depreciation of £4.4m (2017: £3.8 m), amortisation of other intangibles of £0.9m (2017: £1.5m) and other income of £nil (2017: £5.0m).

Holidaybreak Limited

Strategic report (continued)

Business review (continued)

Acquisition and new openings

During the current year, the Group acquired Bawdsey Manor property in PGL which will be developed and open for business during 2019. Meininger division opened new hotels in Leipzig, Berlin, Milan and Amsterdam during the current year.

Going concern

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in note 3 to the Financial Statements.

Divisional reviews and future prospects

Education

Operational performance

The Education Division provides residential outdoor education and adventure trips for school children through the market leading PGL brand, educational travel tours for schools and further education students through NST and EST and language travel through Travelplus. The division achieved total turnover of £160.6m (2017: £151.1m). The performance in 2018 was improved on account of expansion capacity in PGL following increased investment in existing properties and new site openings. Further growth was a result of the recovery by NST and EST from the terrorist attacks in Europe. PGL plans to increase its bed capacity in 2018-19 to meet market demand and continues to focus on improving site occupancy at off-peak times and growing the inbound market.

Meininger

Operational performance

Meininger, a German-based tour accommodation Group, achieved turnover of £78.5m (2017: £58.7m). The performance in 2018 has improved by better yield management, the opening of new hotels in Leipzig in April 2017, Berlin and Milan in December 2017 and in Amsterdam in March 2018. The strengthening of the Euro has also positively impacted the results of the division on translation to the Group's functional currency.

Meininger's total existing bed capacity at 31 March 2018 is 10,464 (2017: 8,351). Meininger will increase its bed capacity with additional deals being signed and a number of new hotels in the pipeline.

Future prospects

Forward bookings for the next financial year are broadly in line with expectations, across the Group, including the growth from the opening of new centres in PGL and hotels in Meininger.

Holidaybreak Limited

Strategic report (continued)

Principal risks and uncertainties facing the Group

We regularly review the risks faced by the Group, including the social, environmental, and ethical risks. The Directors consider the major risks to delivering the Group's strategy are those set out below. The Directors recognise that the profile of risks changes constantly and additional risks not presently known, or that are currently deemed immaterial, may also impact on delivery of the Group's strategy.

Key risk	Impact	Mitigation strategy
EXTERNAL		
<i>Economic and financial conditions across markets</i>	<ul style="list-style-type: none"> A prolonged economic downturn in one or more countries significant to our businesses may lead to a reduction in levels of demand for our products and thereby impact Holidaybreak Limited's earnings and financial position. 	<ul style="list-style-type: none"> We actively seek to redirect business to sectors that are less affected by the economic environment. We believe our education businesses to be less exposed to discretionary consumer spending and enjoy strong forward booking visibility. Our Meininger business operates across various European markets. We are further expanding this business into new cities which provides us with trading resilience and growth potential.
<i>Foreign exchange and interest rates</i>	<ul style="list-style-type: none"> Fluctuating exchange rates will have financial implications for Holidaybreak Limited (both transaction and translation) and could affect the selling price of holidays and therefore impact the consumer demand for some of our products and services. Adverse movements in interest rates will have a negative impact on Holidaybreak Limited's borrowing costs. 	<ul style="list-style-type: none"> We have a partial natural currency hedge arising from cash flows between the various markets and destinations in which we operate. In accordance with the foreign exchange policy, Holidaybreak Limited enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including: <ul style="list-style-type: none"> forward foreign currency exchange contracts to hedge significant future transactions and cash flows; and interest rate derivatives to mitigate the risk of fluctuating interest rates over the medium to long term.
<i>Impact of Referendum in the UK</i>	<ul style="list-style-type: none"> Final outcome of the negotiation between the UK Government and European Union could negatively impact consumer demand. Movement in exchange rates will have financial implications for Holidaybreak Limited (both transaction and translation) and could affect the selling price of holidays and therefore impact the consumer demand for some of our products and services. 	<ul style="list-style-type: none"> The results from the Referendum in the UK which resulted in the UK deciding to leave the European Union has created some uncertainty on future performance of the business. Though the full impact will only be known once the final details of the alternate arrangement is agreed between the UK Government and European Union, there has been an impact on account of GBP continued to be at a depreciated rate against the Euro. We have hedged more than 69% of budgeted requirement for the current financial year FY19 and the Directors and the Senior Management are closely watching the development on this front to make the appropriate judgement at the right time to ensure that the impact to our business is minimised.

Holidaybreak Limited

Strategic report (continued)

Principal risks and uncertainties facing the Group (continued)

Key risk	Impact	Mitigation strategy
EXTERNAL		
<i>Major external events</i>	<ul style="list-style-type: none"> Most of our businesses are exposed to external events. For example, an outbreak of a contagious disease or a fire is likely to have a significant impact on the ability of any affected centre(s) within the Education Division to continue in operation. A major terrorist (or similar) incident in the UK and Europe could have a significant impact on our businesses. 	<ul style="list-style-type: none"> Whilst all of our businesses have crisis management procedures in place to handle any external incidents to ensure any disruption is kept to a minimum, such events could impact trading or the ability to deliver our products. Our businesses offer a range of products across different destinations to reduce the reliance on a particular market.
<i>Consumer demand</i>	<ul style="list-style-type: none"> A change in consumer spending could impact demand levels. 	<ul style="list-style-type: none"> We carefully track any changes to consumer tastes through customer insight teams/focus groups and adapt our product offering as necessary.
INTERNAL		
<i>Liquidity risk</i>	<ul style="list-style-type: none"> The risk that trading underperformance, increased cost of debt and inefficient treasury management could lead to breaches in covenants and bonding arrangements. 	<ul style="list-style-type: none"> Holidaybreak Limited manages liquidity risk by maintaining adequate liquid funds and banking facilities. Our credit facility is sufficient to meet the forecast working capital and bonding requirements of the Group. On 30 June 2017, the Group enacted an amendment of its £217m committed credit facility in order to support the strategic outlook of the Group. In doing so the expiry term of all facilities is extended by eighteen months to March 2021, and March 2022. At the same time, the Group amended the terms within the credit facility including the introduction of a two-year moratorium to the amortisation of the term loan with effect from 30 June 2017. We continuously monitor actual and forecast cash flows and actual and forecast compliance with covenants within the facility and should a risk of trading underperformance occur, Holidaybreak Limited has considered mitigation strategies that could be put in place, for example working capital management, capital expenditure reduction and stringent cost control.
<i>Health, safety & security</i>	<ul style="list-style-type: none"> The risk that the Group fails to manage health, safety and security issues leading to significant financial and operational costs. 	<ul style="list-style-type: none"> Our businesses are committed to ensuring the highest standards of health, safety and security in their operations and monitor and conduct regular audits when appropriate. All divisions produce monthly health & safety reports. Issues noted as significant are considered at the Meeting of Directors.
<i>Failure to attract, retain and motivate key employees</i>	<ul style="list-style-type: none"> Our ability to provide high-quality products and services on a timely basis depends to a significant extent on having an adequate number of qualified employees. Accordingly, Holidaybreak Limited's ability to increase its productivity and profitability and support its growth strategies may be limited by its ability to employ, train, motivate and retain skilled personnel. 	<ul style="list-style-type: none"> We believe our training programmes provide the necessary tools to retain and motivate key staff.

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Strategic report (continued)

Key performance indicators

The following key performance indicators are used by the Directors to monitor the performance of the Group.

	Key performance indicator (KPI)	2018	2017
1	Revenue per customer (£)	144	128
2	Percentage of total direct bookings that are made over the internet	82.4%	86.9%
3	Percentage of total direct bookings that are repeat customers	15.1%	21.5%
4	EBITDA (£m)	44.0	42.7

Whilst the education division showed a growth in general, NST and EST has shown increased revenue per customer compared to 2017 on account of recovery from earlier terrorist attacks in Europe. Meininger has also shown a strong growth with increased margins compared to 2017 and additional revenue from opening of new hotels during 2018. The key performance indicators for the year to 31 March 2017 include the Bookit business. This business had higher number of direct bookings over the internet and repeat customers in volume within the Group resulting in a drop in both of these KPIs in 2018. Group's EBITDA has gone up on account business recovery and expansion.

The Board would like to express its thanks to management and staff throughout the Group for their continued hard work and commitment and for their expertise and dedication to serving our customers.

The report was approved and authorised for issue by the board of Directors and signed on its behalf by:



Ajit P Menon
Director
27 July 2018

Holidaybreak Limited

Directors' report

The Directors present their Annual Report on the affairs of Holidaybreak Limited ('the Group'), together with the audited financial statements for the year ended 31 March 2018.

Strategic report

Information relating to the business review of the performance, the future prospects and the KPI's of the Group can be found in the Strategic Report on pages 2 to 6.

Directors

The Directors of the Company who served during the year and thereafter were as follows:

Ajay Ajit Peter Kerkar
Ajit P Menon
Pesi Patel
Urrshila Kerkar
Navneet Bali

Dividends

The Directors recommend no final dividend for the year ended 31 March 2018 (2017: £nil). No interim dividend was paid during the year (2017: £nil).

Financial risk management policies

The Group considers itself to be exposed to risks on financial instruments, including market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group uses derivative financial instruments to manage these risk exposures and therefore reduce the exposure of the Group. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Directors continuously in their periodical meetings. The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Forward foreign exchange contracts to reduce the exposure to, principally, Euro and US Dollars but also to Australian Dollars, New Zealand Dollars and Swiss Francs.
- Interest rate swaps and collars to mitigate the risk of movements in interest rates.

Foreign currency risk management

The Group is exposed to foreign currency risks via its transactions denominated in foreign currencies. Exchange rate exposures are managed within approved policies set out by the Board of Directors.

In addition to the economic hedging obtained by the Group, which is managed by the preparation of local currency cash flow forecasts, the Group purchases currency derivatives to hedge significant future transactions and cash flows. The contracts are denominated in foreign currencies noted above (refer to note 27).

Holidaybreak Limited

Directors' report (continued)

Financial risk management policies (continued)

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap and interest rate collar contracts (refer to note 27).

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The Directors have considered the counterparty risk associated with the cash and derivative balances and do not consider there to be a material risk. The Group manages the credit risk associated with its bank and cash balances by ensuring that an appropriate spread of financial institutions are used in which to place these assets. The concentration of credit risk from trade receivables is limited due to the customer base being large and unrelated.

Liquidity risk management

The Group manages liquidity risk by maintaining adequate liquid funds and banking facilities. The Group currently has a £217m committed credit facility with a syndicate of six banks. On 30 June 2017, the Group enacted an amendment of its £217m committed credit facility in order to support the strategic outlook of the Group. In doing so the expiry term of all facilities is extended by eighteen months to March 2021, and March 2022. At the same time, the Group amended the terms within the credit facility including the introduction of a two-year moratorium to the amortisation of the term loan with effect from 30 June 2017. This facility is considered sufficient to meet the working capital and bonding requirements of the Group. At 31 March 2018, the Group had headroom under the facility of £10.1m, after subtracting the £193.6m of bank loans and £13.3m of bonds and guarantees issued. This headroom of £10.1m together with £37.9m of cash on deposit, and after deducting £8.7m of unused bonding facility, gives immediate cash headroom of £39.3m. The Group continuously monitors actual and forecast cash flows and actual and forecast compliance with covenants within the facility.

Supplier payment policy

The Group's policy is to pay suppliers on terms agreed with each supplier. At 31 March 2018, the amount the Group owed its suppliers represented 27 days purchases (2017: 23 days). The Company is a holding company and does not have any trade creditors.

Directors' indemnities

During the year, the Company maintained liability insurance for the Directors and officers of the Company, its parent company and its subsidiaries. Neither the insurance nor the indemnity provides cover where a Director acts fraudulently or dishonestly. The Company has made qualifying third-party indemnity provisions for the benefit of the Group's Directors which were made during the year and remain in force at the date of this report.

Charitable and political contributions

During the year the Group contributed a total of £25,100 (2017: £93,000) to charities principally being charitable activities linked to our businesses. The Group did not make any political donations (2017: £nil).

Holidaybreak Limited

Directors' report (continued)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, regular briefings and circulation of results announcements and important public statements. Employees are consulted regularly on a wide range of matters affecting their current and future interests. Within all divisions, this is achieved through the election of employee representatives who are members of a staff council or forum and meet regularly with management. Permanent employees are, in the majority of cases, entitled to participate in bonus schemes related to individual or team performance.

Auditor

Each of the persons who is a Director at the date of approval of this 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 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.

Pursuant to s487 of the Companies Act, 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

This report was approved by the board of Directors and signed on its behalf by:



Ajit P Menon
Director

27 July 2018

Registered Office:

3rd Floor
30 Millbank
London
SW1P 4DU
United Kingdom

Registered in England No 02305562

Holidaybreak 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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent Company 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 year.

In preparing the parent Company 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 Holidaybreak Limited

Report on the audit of the financial statements

Opinion

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 March 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Holidaybreak Limited (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 57.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors 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 for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

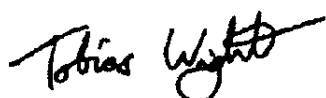
Independent auditor's report to the members of Holidaybreak Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Tobias Wright BA FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
27 July 2018

Holidaybreak Limited

Consolidated income statement For the year ended 31 March 2018

	Note	2018 £m	2017 £m
Continuing operations			
Revenue	5	239.1	209.8
Cost of sales		(147.9)	(136.6)
Gross profit		<u>91.2</u>	<u>73.2</u>
Administrative expenses		(52.5)	(39.5)
Separately disclosed items	8	(0.7)	(0.9)
Operating profit		<u>38.0</u>	<u>32.8</u>
Other income	16	-	5.0
Share of results of associates		(0.4)	-
Investment revenues	10	-	0.2
Other gains and losses	11	0.7	(0.7)
Finance costs	12	(11.9)	(11.1)
Profit on sale of discontinued operations	31	0.2	-
Profit before tax		<u>26.6</u>	<u>26.2</u>
Tax	14	(7.8)	(7.4)
Profit for the year from continuing operations		<u>18.8</u>	<u>18.8</u>
Discontinued operations			
Loss for the year from discontinued operations	15	-	(1.6)
Profit for the year		<u>18.8</u>	<u>17.2</u>
Attributable to:			
Owners of the Company		<u>18.8</u>	<u>17.2</u>

The notes included on pages 20 to 62 form an integral part of these financial statements.

Holidaybreak Limited

Consolidated statement of comprehensive income For the year ended 31 March 2018

	Note	2018 £m	2017 £m
Profit for the year		18.8	17.2
Items that will not be reclassified subsequently to profit or loss:			
Actuarial profit/(loss) relating to the pension scheme	35	0.1	(0.5)
Deferred tax on pension scheme	28	-	0.1
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(1.7)	4.4
Other comprehensive (expense)/income for the year net of tax		(1.6)	4.0
Total comprehensive income for the year		17.2	21.2
Total comprehensive income attributable to:			
Owners of the Company		17.2	21.2

Holidaybreak Limited

Consolidated balance sheet As at 31 March 2018

	Note	2018 £m	2017 £m
Non- current assets			
Goodwill	17	104.5	103.9
Other intangible assets	18	4.1	3.1
Property, plant and equipment	19	205.0	186.6
Interest in associates	20	4.7	0.3
Amounts due from associates	23	-	4.6
Prepayments	36	18.0	10.5
		<u>336.3</u>	<u>309.0</u>
Current assets			
Inventories	21	1.3	1.3
Trade and other receivables	22	132.7	133.4
Prepayments	36	13.8	14.4
Cash and bank balances	32	37.9	44.3
Derivative financial instruments	26	0.1	0.5
Assets held for sale	15	-	1.6
Total assets		<u>522.1</u>	<u>504.5</u>
Current liabilities			
Trade and other payables	29	(40.3)	(38.5)
Deferred revenue	24	(61.2)	(59.6)
Current tax liabilities		(4.8)	(4.2)
Borrowings	25	-	(12.6)
Derivative financial instruments	26	(1.3)	(2.4)
Liabilities held for sale	15	-	(6.5)
Net current assets		<u>78.2</u>	<u>71.7</u>
Non-current liabilities			
Borrowings	25	(188.7)	(177.1)
Retirement benefit obligations	35	(1.0)	(1.4)
Deferred tax liabilities	28	(21.6)	(19.4)
Obligations under finance leases	39	(0.1)	-
Other non-current liabilities	40	(3.4)	(0.3)
Total liabilities		<u>(322.4)</u>	<u>(322.0)</u>
Net assets		<u>199.7</u>	<u>182.5</u>

Holidaybreak Limited

Consolidated balance sheet (continued) As at 31 March 2018

	Note	2018 £m	2017 £m
Equity			
Share capital	30	3.6	3.6
Share premium account		70.5	70.5
Retranslation reserve		(10.3)	(8.6)
Retained earnings		135.9	117.0
		<hr/>	<hr/>
Total equity attributable to owners of the Company		199.7	182.5
		<hr/>	<hr/>

The financial statements of Holidaybreak Limited (registered number 02305562) were approved by the Board of Directors and authorised for issue on 27 July 2018. They were signed on its behalf by:



Ajit P Menon
Director

Holidaybreak Limited

Consolidated statement of changes in equity For the year ended 31 March 2018

	Share capital £m	Share premium account £m	Retrans- lation reserve £m	Retained earnings £m	Total £m
Balance at 1 April 2016	3.6	70.5	(13.0)	100.2	161.3
Profit for the year	-	-	-	17.2	17.2
Other comprehensive income/(expense) for the year	-	-	4.4	(0.4)	4.0
Total comprehensive income for the year	-	-	4.4	16.8	21.2
Balance at 31 March 2017	3.6	70.5	(8.6)	117.0	182.5
Profit for the year	-	-	-	18.8	18.8
Other comprehensive (expense)/income for the year	-	-	(1.7)	0.1	(1.6)
Total comprehensive (expense)/income for the year	-	-	(1.7)	18.9	17.2
Balance at 31 March 2018	3.6	70.5	(10.3)	135.9	199.7

The share premium represents the amount paid by investors to acquire share of the Company in excess of its nominal value.

The retranslation reserve represents the exchange difference generated on retranslation of foreign currency operations on consolidation into the Group's functional currency.

The retained earnings are made up of retained profits.

Holidaybreak Limited

Consolidated cash flow statement For the year ended 31 March 2018

	Note	2018 £m	2017 £m
Net cash from operating activities	32	29.3	30.6
Investing activities			
Purchase of intangible assets		(1.9)	(1.2)
Purchase of property, plant and equipment		(17.8)	(13.6)
Proceeds on disposal of property, plant and equipment		0.3	1.5
Acquisition of subsidiary	38	-	-
Disposal of subsidiary	31	(2.6)	-
Net cash used in investing activities		(22.0)	(13.3)
Financing activities			
Finance costs paid		(14.3)	(10.6)
Repayment of borrowings		(0.2)	(14.0)
Net cash used in financing activities		(14.5)	(24.6)
Net decrease in cash and cash equivalents		(7.2)	(7.3)
Cash and cash equivalents at beginning of year		45.1	51.4
Effect of foreign exchange rate changes		-	1.0
Cash and cash equivalents at end of year		37.9	45.1

Holidaybreak Limited

Notes to the consolidated financial statements For the year ended 31 March 2018

1. General information

Holidaybreak Limited is a Company incorporated in the United Kingdom under the Companies Act 2006 limited by shares. The address of the registered office is given on page 1. The principal activities of the Company and its subsidiaries ('the Group') and the nature of the Group's operations are set out in the Strategic Report. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with policies set out in note 3.

2. Adoption of new and revised International Financial Reporting Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied the amendments to IFRSs and new Interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 April 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

Title	Subject
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 17	Insurance Contracts
Amendments to IAS 40	Transfers of investment property
IFRIC 22	Foreign currency transaction and advance consideration
IFRIC 23	Uncertainty over Income Tax Treatments
Clarifications to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to IFRSs: 2015–2017 Cycle	Annual Improvements to IFRSs: 2015–2017 Cycle
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except in the case of IFRS 16, as described below:

- IFRS 9 is effective for annual periods beginning 1 January 2018 and will replace IAS 39 Financial Instruments. This standard covers the classification, measurement, impairment and de-recognition of financial assets and financial liabilities together with a new hedge accounting model. The Group has not yet completed its full assessment on the likely impact to its financial statements.
- IFRS 15 is effective for annual periods beginning 1 January 2018 and will replace IAS 11 Construction Contracts and IAS 18 Revenue. This standard requires the separation of performance obligations within contracts with customers and the contractual value to be allocated to each of the performance obligations. Revenue is then recognised as each performance obligation is satisfied. Retrospective application in the comparative year ending 31 December 2017 is optional; however the Group does not expect to undertake this option. An initial assessment has been performed and it is not anticipated that transition to IFRS 15 will have a material impact on the Group.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

2. Adoption of new and revised International Financial Reporting Standards (continued)

New and revised IFRSs in issue but not yet effective (continued)

- IFRS 16 is effective for annual periods beginning 1 January 2019 and will replace IAS 17 *Leases*. This standard requires lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset is low value. As at 31 March 2018, the Group holds a significant number of operating leases which currently, under IAS 17, are expensed on a straight line basis over the lease term. Depending on the choice of methodology permitted under IFRS 16, the Group may be obliged to reflect the impact of IFRS 16 in the comparative figures for 2019 in its accounts for the year ending 31 March 2020. Management has not yet concluded on its choice of methodology. An initial assessment has been performed and it is anticipated that transition to IFRS 16 will have a material impact on the value of lease assets and liabilities recognised in the consolidated balance sheet. The Group will continue to monitor the impact until the transition date, providing further quantitative and qualitative measures as progress is made on implementation planning.

Beyond the information above, it is not practicable to provide a reasonable financial estimate of the effect of these standards until a detailed review has been completed.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRSs).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, which are measured at fair value at the end of each reporting period. Historic cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

3. Significant accounting policies (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income, and expenses are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the Strategic Report. The Strategic Report and Directors' Report further describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities; the Group's objectives, policies, and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk. The Directors believe that the Group is adequately placed to manage its business risks successfully despite the current uncertain economic outlook and challenging macro-economic conditions.

The Group meets its day to day working capital and other funding requirements through a credit agreement totalling £217.0m with a syndicate of banks. On 30 June 2017, the Group enacted an amendment of its £217.0m committed credit facilities in order to support the strategic outlook of the Group. In doing so the expiry term of the facilities is extended by eighteen months with £187.0m expiring in March 2021 and £30.0m expiring in March 2022. At the same time, the Group amended the terms within the credit facility including the introduction of a two-year moratorium to the amortisation of the term loan with effect from 30 June 2017.

The Group's forecasts and projections, prepared for a period of at least twelve months from the date of these financial statements, taking account of reasonably possible changes in trading performance given the visibility of forward bookings, show that the Group should be able to operate within the level of its current facility and remain compliant with its covenants.

The Group owns and operates subsidiaries in the Euro-zone. The ambiguity around the alternate arrangements between the UK Government and European Union after UK leaves the European Union gives rise to additional uncertainty over the future results for the Group. The Directors have considered these uncertainties as part of their forecasts and assessments around the going concern assumption.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill, which is recognised as an asset, is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

3. Significant accounting policies (continued)

Goodwill (continued)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out above.

Other intangible assets

Intangible assets acquired on business combinations are capitalised separately from goodwill if the asset is separable and if their fair value can be measured reliably on initial recognition. Intangible assets that are purchased in the normal course of business are initially recognised at cost. Subsequently to initial recognition, intangible assets are reported as cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged so as to write off the fair value over their estimated useful lives using the straight-line method as follows:

Software 3 - 5 years

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

3. Significant accounting policies (continued)

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable, excluding VAT and similar taxes, from the sale of holidays, tours and other travel and accommodation services supplied to customers in the ordinary course of business.

Revenue and expenses relating directly to holidays are taken to the income statement on holiday departure being the date when the risks and rewards have been transferred to the customer. Commission revenue arising from the sales of third party administered insurance policies to customers is taken to the income statement on holiday departure which is when the risks and rewards have been transferred to the customer. Expenses relating to marketing and promotional activities are taken to the income statement as incurred.

Revenue relating to accommodation in Education division is recognised on arrival of the customer. Revenue relating to hotel accommodation in Meininger division is recognised over the duration of the stay of the customer.

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

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.

The Group as lessee

Assets held under finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income over the lease period. The assets acquired are depreciated over the shorter of the asset's useful life and the lease term.

Where the Group purchases and pays for assets and, at a later date, draws down on a finance lease, the amounts are shown as cash outflows and cash inflows of the Group respectively.

Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entities' 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 retranslated 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.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

3. Significant accounting policies (continued)

Foreign currencies (continued)

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Operating profit

Operating profit is stated after charging separately disclosed items but before investment income and finance costs.

Separately disclosed items

Separately disclosed items consist of restructuring and redundancy costs and other related costs, which management consider that separate disclosure is required to aid the readers of the financial statements to better understand the performance of the Group (see note 8).

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Net-interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurement.

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 period until the benefits become vested.

Net-interest expense or income is recognised within finance costs.

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the Group's defined benefit schemes.

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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

3. Significant accounting policies (continued)

Taxation (continued)

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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets 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 and laws that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

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 Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are shown at cost, net of depreciation and any provision for impairment. Depreciation is charged so as to write off the cost of assets, less estimated residual value, over their estimated useful lives using the straight-line method as follows:

Freehold buildings	50 years
Short leasehold improvements	Term of lease
Fixtures, fitting and equipment and motor vehicles	3-5 years

Freehold land and assets in the course of construction are not depreciated.

Assets under the course of construction are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation on these assets commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

3. Significant accounting policies (continued)

Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets 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. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and 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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents purchase price and is calculated using the FIFO method. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

Financial instruments

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

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held to maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

3. Significant accounting policies (continued)

Financial instruments (continued)

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition, it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in note 27.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts; these assets are carried at amortised cost.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

3. Significant accounting policies (continued)

Financial instruments (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in note 27.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

3. Significant accounting policies (continued)

Financial instruments (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 27.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash with a short maturity of three months or less from the date of acquisition and are subject to an insignificant risk of changes in value.

Advance payments in respect of leases

Advance payments in respect of leases include lease arrangement fees and other directly attributable costs in arranging and securing leases. At the point at which it becomes virtually certain that the benefits from operating the lease will exceed such costs, they are held as prepayments on the balance and amortised over the term of the lease.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Discontinued operations and assets held for sale

Discontinued operations and assets held for sale are carried at the lower of carrying amount or fair value less cost to sell. Any gain or loss from disposal, together with the results of these operations until the date of disposal, is reported separately as discontinued operations. The financial information of discontinued operations is excluded from the respective captions in the Consolidated financial statements and related notes for all periods presented. Comparatives in the balance sheet and statement of cash flow are re-presented when a disposal group is classified as held for sale.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

3. Significant accounting policies (continued)

Share based payments

The Group has granted rights to equity instruments in its subsidiary to the employees within the group of such subsidiary. The Group accounts for such arrangements as cash-settled share-based payment arrangements. For cash-settled share-based payments, a liability is recognised for the services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

4. Critical accounting judgments and key sources of estimation uncertainty

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

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

Critical judgements in applying the group's accounting policies

The Directors have not made any critical judgements in applying the Group's accounting policies.

Key sources of estimation uncertainty

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

Impairment of goodwill

Determining whether goodwill is impaired requires estimation of the value in use or the fair value less costs to sell of the cash-generating units to which goodwill has been allocated. The value in use calculations require the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The Directors do not consider that any reasonably possible changes to assumptions used in the value in use models will result to a material impact on the amounts recognised; however it is noted that an element of estimation uncertainty exists in the fair value less cost to sell approach where reliance was placed on unquoted market prices obtained from a third party. As the market prices have been derived from a third party, management is not able to perform any reliable sensitivity analysis. The carrying amount of goodwill at the balance sheet date was £104.5m (2017: £103.9m).

5. Revenue

	2018 £m	2017 £m
Revenue - continuing operations	239.1	209.8
Investment income (see note 10)	-	0.2
Revenue - discontinued operations (see note 15)	-	3.1
Total revenue	239.1	213.1

Revenue from continuing operations is generated by the provision of services. Investment income arises from bank interest.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

6. Operating segments

Classes of business

The following table provides an analysis of the Group's revenue by class of business:

2018	Education £m	Meininger £m	Continuing operations £m	Discontinued Bookit £m	Consolidated £m
Revenue	160.6	78.5	239.1	-	239.1
2017	Education £m	Meininger £m	Continuing operations £m	Discontinued Bookit £m	Consolidated £m
Revenue	151.1	58.7	209.8	3.1	212.9

Geographical information

The following table provides an analysis of the Group's revenue by geographical market:

2018	UK and Ireland £m	Mainland Europe £m	Rest of World £m	Consolidated £m
Turnover				
Continuing operations	142.3	91.7	5.1	239.1
Discontinued operations	-	-	-	-
Total turnover	142.3	91.7	5.1	239.1
2017	UK and Ireland £m	Mainland Europe £m	Rest of World £m	Consolidated £m
Turnover				
Continuing operations	133.3	72.6	3.9	209.8
Discontinued operations	-	3.1	-	3.1
Total turnover	133.3	75.7	3.9	212.9

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

7. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

	Continuing operations		Discontinued operations		Total	
	2018	2017	2018	2017	2018	2017
	£m	£m	£m	£m	£m	£m
Net foreign exchange losses/(gains)	0.7	(0.1)	-	-	0.7	(0.1)
Depreciation of property, plant and equipment	4.4	3.8	-	-	4.4	3.8
Gain on disposal of property, plant and equipment	(0.1)	(0.1)	-	-	(0.1)	(0.1)
Amortisation of other intangible assets	0.9	1.1	-	0.4	0.9	1.5
Staff costs (see note 9)	52.4	45.6	-	1.8	52.4	47.4
Operating lease costs	15.9	11.6	-	0.1	15.9	11.7
Separately disclosed items (see note 8)	0.7	0.9	-	0.3	0.7	1.2
Total auditor's remuneration (see below)	1.4	0.8	-	-	1.4	0.8

The analysis of auditor's remuneration is as follows:

	2018	2017
	£m	£m
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	0.1	0.1
Fees payable to the Company's auditor and their associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	0.4	0.3
Total audit fees	0.5	0.4
Audit-related assurance services	-	-
Taxation compliance services	0.2	0.2
Other taxation advisory services	0.2	0.2
Corporate finance services	0.5	-
Total non-audit fees	0.9	0.4
Total fees	1.4	0.8

Fees payable by Holidaybreak Limited and its associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

8. Separately disclosed items

	2018 £m	2017 £m
Separately disclosed items	0.7	0.9

Separately disclosed items in both years relate to costs incurred by the Group in respect to legal and restructuring activities.

9. Staff costs

The average monthly number of employees (including executive Directors) was:

	2018 Number	2017 Number
Management and administration	1,339	1,164
Seasonal	1,465	1,421
	<u>2,804</u>	<u>2,585</u>

Their aggregate remuneration comprised:

	£m	£m
Wages and salaries	45.9	41.5
Social security costs	5.2	4.5
Other pension costs (see note 35):		
Defined benefit	0.1	0.1
Defined contribution	1.2	1.3
	<u>52.4</u>	<u>47.4</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

10. Investment income

	2018 £m	2017 £m
Interest on bank deposits	-	0.2
Total investment income	<u>-</u>	<u>0.2</u>

11. Other gains and losses

	2018 £m	2017 £m
Fair value gains on interest rate derivatives	1.3	0.5
Fair value losses on forward currency exchange derivatives	(0.6)	(1.2)
	<u>0.7</u>	<u>(0.7)</u>

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

12. Finance costs

	2018 £m	2017 £m
Interest payable and similar charges		
Bank loans and overdrafts	11.9	11.1
Other finance charges/ (income)		
Expected return on pension scheme assets (see note 35)	(0.2)	(0.2)
Interest on pension scheme liabilities (see note 35)	0.2	0.2
	-	-

13. Directors' remuneration and transactions

	2018 £m	2017 £m
Directors' remuneration		
Emoluments	1.7	1.5
Company contributions to money purchase pension schemes	-	-
	1.7	1.5
Number	Number	
The number of Directors who:		
Are members of a money purchase pension scheme	1	2
	2018 £m	2017 £m
Remuneration of the highest paid Director:		
Emoluments	0.7	0.5
Company contributions to money purchase pension schemes	-	-
	0.7	0.5

In 2016, an interest free loan was advanced to one of the Directors amounting to £0.03m. The repayment of this loan is still outstanding.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

14. Tax

	2018 £m	2017 £m
Current tax:		
Corporation tax – UK	2.6	2.1
Corporation tax – Overseas	2.8	2.7
Adjustments in respect of prior years - UK	0.1	1.8
Adjustments in respect of prior years – Overseas	0.8	0.4
Total current tax	6.3	7.0
Deferred tax		
Origination and reversal of timing differences	1.0	1.0
Impact of change in tax rate	-	(1.0)
Adjustment in respect of prior years	0.5	0.4
Total deferred tax (see note 28)	1.5	0.4
Tax expense for the year	7.8	7.4

UK corporation tax is calculated at 19% (2017: 20%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	2018 £m	2017 £m
Group profit on ordinary activities before tax	26.6	24.6
Tax at standard UK corporation tax rate of 19% (2017: 20%)	5.1	4.9
Expenses not deductible	1.0	1.4
Income not taxable for tax purposes	(0.5)	(0.4)
Change in unrecognised deferred tax assets	0.6	0.8
Effect of change in corporation tax rates	-	(0.9)
Adjustment to tax charge in respect of prior years	1.3	2.5
Effect of difference in overseas tax rates	0.3	(0.1)
Effect of acquired non-qualifying fixed assets	-	(0.5)
Group relief not paid for	(0.3)	(0.3)
CFC charge	0.2	-
Tax effect of share of associate	0.1	-
Group total tax expense for the year	7.8	7.4

There were no tax charge from discontinued operations in 2018 (2017: £nil).

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

14. Tax (continued)

Factors that may affect future tax charges

Finance Act 2016, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 17% from 1 April 2020. Accordingly, as this legislation was substantively enacted by 31 March 2018 deferred tax balances have been revalued to the lower rate of 17% in these financial statements. To the extent that the deferred tax reverses before 1 April 2020 then the impact on the net deferred tax asset will be reduced.

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

	2018 £m	2017 £m
Deferred tax		
Items that may be reclassified subsequently to profit or loss:		
Deferred tax on pension scheme	-	0.1
Total income tax recognised in other comprehensive income	-	0.1

15. Discontinued operations

On 20 April 2017, the Group entered into a sale agreement to dispose of the Bookit division.

As at 31 March 2017, the Bookit division met the definition of a "disposal group" as defined in IFRS 5 "Non-current assets held for sale and discontinued operations" and therefore the results of the division have been separately presented as discontinued operations and presented separately on the balance sheet.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	Bookit Year ended 31/03/2018	Total Year Ended 2018	Bookit Year ended 31/03/2017	Total Year ended 2017
Revenue	-	-	3.1	3.1
Expenses	-	-	(4.7)	(4.7)
Loss before tax	-	-	(1.6)	(1.6)
Attributable tax expense	-	-	-	-
Loss on disposal of discontinued operations	-	-	(1.6)	(1.6)
Net loss attributable to discontinued operations (attributable to owners of the Company)	-	-	(1.6)	(1.6)

A gain of £0.2m arose on the disposal of Bookit being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets, attributable retranslation reserve and directly attributable costs of sale.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

15. Discontinued operations (continued)

The major classes of assets and liabilities comprising the group held for sale are as follows:

	2018 £m	2017 £m
Property, plant and equipment	-	0.1
Trade and other receivables	-	0.7
Cash and cash equivalents	-	0.8
Total assets classified as held for sale	<u>-</u>	<u>1.6</u>
Trade and other payables	-	(1.7)
Deferred income	-	(4.8)
Total liabilities associated with assets classified as held for sale	<u>-</u>	<u>(6.5)</u>
Net liabilities of disposal group	<u>-</u>	<u>(4.9)</u>

16. Other income

	2018 £m	2017 £m
Other income	<u>-</u>	<u>5.0</u>

Other income relates to a management fee paid by Cox and Kings India to the Education and Meininger divisions of the Group for their contribution towards the revenue of the larger Group.

17. Goodwill

	£m
Cost	
At 1 April 2016 and 31 March 2017	187.7
Additions (see note 38)	<u>0.6</u>
At 31 March 2018	<u>188.3</u>
Accumulated impairment losses	
At 1 April 2016, 31 March 2017 and 31 March 2018	<u>83.8</u>
Carrying amount	
At 31 March 2018	<u>104.5</u>
At 31 March 2017	<u>103.9</u>

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

17. Goodwill (continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The carrying value of goodwill has been allocated to each respective business segment as follows:

	2018 £m	2017 £m
PGL	5.3	4.7
NST	16.5	16.5
EST	4.0	4.0
Travelplus	5.3	5.3
Meininger	73.4	73.4
	<u>104.5</u>	<u>103.9</u>

The Group defines its CGUs as the lowest level of independently operating business, but they are not a statutory entity.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations or from their fair value less costs to sell. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts and the most recent financial budgets approved by management. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets for 2 years approved by management and extrapolates cash flows thereafter based on an estimated growth rate of 2.0% per annum, which is the average growth rate used across the CGUs. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from all business units is 12.6% (2017: 12.1%) pre-tax.

In the current year, the recoverable amounts of the PGL and Travelplus CGUs was determined based on their fair value less costs of disposal. The fair value was determined with reference to the expected market value of each CGU based on indicative valuations obtained from third parties which have been derived from the market value achieved in recent transactions for comparable businesses within the same industry.

Based on the above assumptions, there was no impairment required in 2018 and 2017.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

18. Other intangible assets

	Software £m
Cost	
At 1 April 2016	9.3
Exchange differences	0.3
Additions	1.2
Reclassified as held for sale	(3.3)
Transfer	0.1
Disposals	(0.7)
At 31 March 2017	6.9
Additions	1.9
Disposals	(0.5)
At 31 March 2018	8.3
Amortisation	
At 1 April 2016	6.1
Exchange differences	0.2
Charge for the year	1.5
Disposals	(0.7)
Reclassified as held for sale	(3.3)
At 31 March 2017	3.8
Charge for the year	0.9
Disposals	(0.5)
At 31 March 2018	4.2
Carrying amount	
At 31 March 2018	4.1
At 31 March 2017	3.1

No impairment was recognised in both years.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

19. Property, plant and equipment

	Freehold land & buildings £m	Short leasehold improvements £m	Fixtures, fittings and equipment & motor vehicles £m	Assets under the course of construction £m	Total £m
Cost					
At 1 April 2016	147.7	16.6	16.3	4.1	184.7
Exchange differences	2.9	-	0.6	-	3.5
Additions	2.3	-	4.6	6.8	13.7
Reclassified as held for sale	-	-	(0.4)	-	(0.4)
Transfer	3.1	0.1	0.4	(3.7)	(0.1)
Disposals	(3.6)	-	(2.2)	-	(5.8)
At 31 March 2017	152.4	16.7	19.3	7.2	195.6
Exchange differences	0.5	-	0.2	-	0.7
Additions	2.2	-	11.7	4.0	17.9
Acquisition of subsidiaries	4.5	-	-	-	4.5
Transfer	6.0	-	0.8	(6.8)	-
Disposals	(0.2)	-	(1.7)	-	(1.9)
At 31 March 2018	165.4	16.7	30.3	4.4	216.8
Accumulated Depreciation					
At 1 April 2016	3.8	0.6	5.1	-	9.5
Exchange differences	-	-	0.3	-	0.3
Charge for the year	0.6	0.2	3.0	-	3.8
Reclassified as held for sale	-	-	(0.3)	-	(0.3)
Disposals	(2.1)	-	(2.2)	-	(4.3)
At 31 March 2017	2.3	0.8	5.9	-	9.0
Exchange differences	-	-	0.1	-	0.1
Charge for the year	0.8	0.1	3.5	-	4.4
Disposals	-	-	(1.7)	-	(1.7)
At 31 March 2018	3.1	0.9	7.8	-	11.8
Carrying amount					
At 31 March 2018	162.3	15.8	22.5	4.4	205.0
At 31 March 2017	150.1	15.9	13.4	7.2	186.6

Land with a value of £30.0m (2017: £29.0m) has not been depreciated. Capital expenditure contracted for but not provided for amounted to £3.4m in 2018 (2017: £2.3m).

Motor vehicles with a total net book value of £0.1m (2017: £nil) included above are under finance leases.

Land and buildings with a carrying amount of £126.1m (2017: £127.4m) have been pledged to secure borrowings of the Group. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity. No impairment was recognised in both years.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

20. Interest in associates

	Group 2018 £m	2017 £m
Associates	<u>4.7</u>	<u>0.3</u>

Group investments

The Group has investments in the following associates and other investments which principally affected the profits or net assets of the Group.

	Registered office	Country of incorporation and operation	Proportion of ordinary share capital held by the Company (%)	Proportion of ordinary share capital held by subsidiaries of the Company (%)
Associates and investments:				
Other investments				
Tute Education Limited	Unit 3 Chesney Court, Wrexham Technology Park, Wrexham, LL13 7YP	England	67	-
Tutors Direct Limited	Leonard Curtis, Hollins Lane, Bury, Lancashire, BL9 8DG	England	40	-

The nature of the activities of the Group's associates is the provision of online learning services.

Aggregate information of associates that are not material

The financial information of the associate is not material to the Group and therefore associate information required by IFRS 12:21 has not been provided.

21. Inventories

	Group 2018 £m	2017 £m
Finished goods held for resale	<u>1.3</u>	<u>1.3</u>

There is no material difference between the balance sheet value of inventories and their replacement cost.

The cost of inventories recognised as an expense during the year in respect of continuing operations was £1.3m (2017: £1.3m).

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

22. Trade and other receivables

	Group	
	2018	2017
	£m	£m
Amounts receivable from the sale of services	17.6	17.2
Amounts due from parent Group undertakings	115.1	116.2
	<u>132.7</u>	<u>133.4</u>

The amounts due from parent Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade receivables disclosed above are classified as loans and receivables and therefore measured at amortised cost.

The average credit period taken on sales of services is 19 days (2017: 27 days). No interest is charged on receivables.

Included in the Group's trade receivable balance are debtors with a carrying amount of £1.4m (2017: £1.5m) which are past due at the reporting date but for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The ageing of past due but not impaired trade receivables is as follows:

	Group	
	2018	2017
	£m	£m
1-30 days past due	0.5	0.4
31-60 days past due	-	0.9
61-90 days past due	-	-
Over 91 days past due	0.9	0.2
	<u>1.4</u>	<u>1.5</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Furthermore the Group only sells to customers who pass the creditworthiness tests noted above. This ensures the credit quality of trade receivables that are neither past due nor impaired.

Trade receivables of £0.3m (2017: £nil) were impaired during the year.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value on the basis of discounted cash flows.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

23. Amounts due from associates

	2018 £m	2017 £m
Amounts due from associated undertakings	-	4.6

Amounts due from associated undertakings related to loan advances made to Tute Education Limited. During the current financial year, the loan was converted to equity, hence the increase in the interest in associates (see note 20).

24. Deferred revenue

	2018 £m	2017 £m
Deferred revenue	61.2	59.6

The deferred revenue arises as a result of deposits received from customers for bookings which have not yet departed.

25. Borrowings

	Group 2018 £m	2017 £m
Secured borrowings at amortised cost		
Bank loans	188.7	189.7

The borrowings are repayable as follows:

Amount due for settlement within 12 months	-	12.6
Amount due for settlement after 12 months	188.7	177.1
	188.7	189.7

Group	Sterling £m	Euros £m	Total £m
Analysis of borrowings by currency:			
At 31 March 2018			
Bank loans	171.6	17.1	188.7
At 31 March 2017			
Bank loans	173.1	16.6	189.7

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

25. Borrowings (continued)

	2018 %	2017 %
The weighted average interest rates paid were as follows:		
Bank loans	<u>4.78</u>	<u>4.37</u>

Borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The other principal features of the Group's borrowings are as follows:

The total borrowings above are secured by a fixed and floating charge over certain of the Group's assets.

At 31 March 2018, the Group had available £10.1m (2017: £13.5m) of undrawn committed borrowing facilities.

26. Derivative financial instruments

	2018 £m	2017 £m
Financial assets carried at fair value through profit or loss (FVPTL)		
Held for trading derivatives that are not designated in hedge accounting relationships:		
Foreign currency derivatives	<u>0.1</u>	<u>0.5</u>
Financial assets carried at fair value through profit or loss (FVPTL)	<u>0.1</u>	<u>0.5</u>
Financial liabilities carried at fair value through profit or loss (FVPTL)		
Held for trading derivatives that are not designated in hedge accounting relationships:		
Interest rate derivatives	(0.6)	(1.9)
Foreign currency derivatives	<u>(0.7)</u>	<u>(0.5)</u>
Financial liabilities carried at fair value through profit or loss	<u>(1.3)</u>	<u>(2.4)</u>

Further details of derivative financial instruments are found in note 27.

27. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns whilst maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings (note 25) cash and cash equivalents and equity attributable to the equity holders of the parent Company, which comprises issued share capital, reserves and retained earnings as disclosed in the statement of changes in equity.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign currency exchange contracts to hedge significant future transactions and cash flows; and
- interest rate swaps and collars to mitigate the risk of rising interest rates.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

27. Financial instruments (continued)

Capital risk management (continued)

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed within the significant accounting policies in note 3.

The Group considers itself to be exposed to risks on financial instruments, including market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's policies and procedures for identifying and mitigating the risks are documented within pages 4 to 5 of the Strategic report which forms part of these financial statements.

	2018 £m	2017 £m
Financial assets		
Cash and cash equivalents	37.9	44.3
Fair Value Through Profit and Loss (FVTPL)	0.1	0.5
Loans and receivables	164.5	202.6
Total financial assets	202.5	247.4
Financial liabilities		
Fair Value Through Profit and Loss (FVTPL)	1.3	2.4
Amortised cost	290.2	287.8
Total financial liabilities	291.5	290.2

Currency derivatives

In addition to the economic hedging obtained by the Group, which is managed by the preparation of local currency cash flow forecasts, the Group utilises currency derivatives to hedge significant future transactions and cash flows. The Group is party to a variety of foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

These arrangements are designed to address significant exchange exposures for the year ended 31 March 2018 and are renewed on a revolving basis as required.

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Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

27. Financial instruments (continued)

Currency derivatives (continued)

At the balance sheet date, the total notional amounts of outstanding forward foreign exchange contracts to which the Group has committed are:

	Average exchange rate		Contract value £m		Fair value £m	
	2018	2017	2018	2017	2018	2017
Outstanding contracts						
Forward foreign exchange contracts						
<i>Buy Euros</i>						
Less than 3 months	1.12	1.15	8.9	8.1	(0.1)	(0.2)
3 to 6 months	1.13	-	4.5	-	-	-
6 to 12 months	1.14	-	2.6	-	-	-
<i>Buy US dollars</i>						
Less than 3 months	1.34	1.34	2.6	2.8	(0.2)	0.1
3 to 6 months	1.37	1.34	0.9	1.4	-	-
6 to 12 months	1.36	1.29	2.2	1.4	(0.1)	-

The disclosure above relates to major currency exposures for the Group. There are smaller exposures to exotic currencies which are deemed immaterial and therefore have not been disclosed.

At 31 March 2018, the fair value of the Group's currency derivatives was £0.6m liability (2017: £nil). These amounts are based on market value of equivalent instruments at the balance sheet date.

Changes in the fair value of non-hedging currency derivatives amounting to £0.6m have been charged to other gains and losses in the year (2017: £0.9m).

Interest rate derivatives

The Group and the Company uses interest rate caps and interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. At 31 March 2018, the Group and the Company held the following interest rate derivatives:

Interest rate swaps

Initial amount	Swap rate	Start date	End date	Rate compared to
£25.0m	1.72%	31-Oct-16	31-Oct-18	3 month LIBOR
£12.5m	2.09%	31-Oct-16	04-Sep-19	3 month LIBOR
£12.5m	2.00%	31-Oct-16	31-Oct-19	3 month LIBOR

Interest rate caps

Initial amount	Cap rate	Start date	End date	Rate compared to
£12.5m	1.50%	15-Dec-17	15-Dec-20	3 month LIBOR
£12.5m	1.50%	15-Jan-18	15-Jan-21	3 month LIBOR

None of the interest rate derivatives are designated within a hedging relationship. The fair value liability of the interest rate derivatives entered into at 31 March 2018 is estimated at £0.5m liabilities (2017: £1.9m). Changes in the fair value of the interest rate derivatives amounting to £1.3m (2017: £0.2m) have been credited to other gains and losses in the year.

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Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

27. Financial instruments (continued)

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Though the Directors monitor the liabilities of the Group on a long-term basis to ensure that there is sufficient liquidity to meet the long-term objectives and financial obligations of the Group, there is also a substantial focus on the next 12 months which are the immediate obligations for the Group. The financial liabilities of the Group have been categorised as accordingly "into liabilities due within 1 year" and "liabilities due in more than 1 year."

2018	Less than 1 year £m	More than 1 year £m	Total £m
Non-interest bearing	88.6	0.3	88.9
Variable interest rate instruments	8.7	213.3	222.0
	<u> </u>	<u> </u>	<u> </u>
2017	Less than 1 year £m	More than 1 year £m	Total £m
Non-interest bearing	85.3	0.3	85.6
Variable interest rate instruments	12.6	177.1	189.7
	<u> </u>	<u> </u>	<u> </u>

The Group has access to financing facilities, the total unused amount of which is £10.1m (2017: £13.5m) at the balance sheet date. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

2018	Less than 1 month £m	1-3 months £m	3 months to 1 year £m	1-5 years £m	Total £m
Gross settled:					
Interest rate swaps	0.2	-	0.4	0.2	0.8
Foreign exchange forward contract	5.4	7.4	6.6	5.0	24.4
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

27. Financial Instruments (continued)

Liquidity and interest risk tables (continued)

2017	Less than 1 month £m	1-3 months £m	3 months to 1 year £m	1-5 years £m	Total £m
Gross settled:					
Interest rate swaps	0.2	0.1	0.7	1.0	2.0
Foreign exchange forward contract	4.4	7.3	2.5	1.5	15.7

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts; and
- interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Classification of Group's financial instruments in accordance with IFRS 7 'Improving Disclosures about Financial Instruments' are considered to be Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Sensitivity analysis

Foreign currency sensitivity analysis

The Group and Company's principal foreign currency exposure is to the euro. The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 10% increase and decrease in the euro/sterling exchange rate at the year-end assuming all other variables remain unchanged. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity of 10% represents the Directors' assessment of a reasonably possible change. A negative number below indicates a decrease in profit and other equity where sterling strengthens 10% against the relevant currency.

	Income statement		Equity	
	2018 £m	2017 £m	2018 £m	2017 £m
Sterling strengthens by 10%	(1.6)	(0.9)	(13.3)	(12.5)
Sterling weakens by 10%	1.6	0.7	15.9	7.9

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at balance sheet date was outstanding for the whole year. The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 1% increase and decrease in interest rates assuming all other variables remain unchanged. The sensitivity of 1% represents the Directors' assessment of a reasonably possible change. A positive number below indicates an increase in profit and other equity.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

27. Financial instruments (continued)

Sensitivity analysis (continued)

	Income statement		Equity	
	2018 £m	2017 £m	2018 £m	2017 £m
Interest rate increase of 1%	0.8	1.1	0.8	1.1
Interest rate decrease of 1%	(0.8)	(1.1)	(0.8)	(1.1)

28. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and the Company and the movements thereon during the current and prior year.

Group	Accelerated tax depreciation £m	Losses £m	Intangible assets £m	Retirement benefits £m	Other temporary differences £m	Total £m
At 1 April 2016	(15.8)	0.1	(0.8)	0.2	(2.4)	(18.7)
Charge to the income statement	(0.3)	-	0.1	-	(1.1)	(1.3)
Recognised in other comprehensive income	-	-	-	0.1	-	0.1
Recognised directly in equity	-	-	-	-	(0.4)	(0.4)
Effect of change in tax rate	0.9	-	-	-	-	0.9
At 31 March 2017	(15.2)	0.1	(0.7)	0.3	(3.9)	(19.4)
Charge to the income statement	(0.2)	-	0.2	(0.1)	(1.4)	(1.5)
Recognised directly in equity	-	-	-	-	(0.2)	(0.2)
Acquisitions	(0.6)	-	-	-	-	(0.6)
Effect of change in tax rate	0.1	-	-	-	-	0.1
At 31 March 2018	(15.9)	0.1	(0.5)	0.2	(5.5)	(21.6)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred taxes relate to the same fiscal authority. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group	
	2018 £m	2017 £m
Deferred tax liabilities	(21.9)	(19.8)
Deferred tax assets	0.3	0.4
	(21.6)	(19.4)

The Group consider it more likely than not based on forecasts, that there will be sufficient taxable profits in the future that will allow it to realise the deferred tax assets recognised.

At the end of the reporting period, the Group has not recognised deferred tax assets of £3.7m (2017: £3.2m) as it is not considered probable that this amount can be utilised in the foreseeable future.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

29. Trade and other payables

	Group	
	2018	2017
	£m	£m
Trade payables	11.1	8.6
Other taxation and social security	1.7	1.1
Other payables	11.1	11.5
Amounts due to parent Group undertakings	0.1	0.2
Accruals	16.3	17.1
	40.3	38.5

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 27 days (2017: 23 days). No interest was paid in 2018 (2017: £nil) as all trade and other payables were current. The Group has financial risk management policies in place to ensure that all payables are paid within the appropriate time frame.

The Directors consider that the carrying amount of trade payables approximates their fair value on the basis of discounted cash flow analysis.

The amounts due to parent Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

30. Share capital

	2018	2017
	£m	£m
Issued and fully-paid		
72,106,429 (2017: 72,106,429) ordinary shares of 5p each	3.6	3.6

The entire issued share capital, being 72,106,429 ordinary shares of 5p each is legally and beneficially owned by Prometheon Holdings (UK) Ltd.

In line with Companies Act 2006, there is no authorised share capital.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

31. Disposal of subsidiaries

Bookit

As referred to in note 15, on 20 April 2017, the Group sold its 100% interest in the ordinary share capital of Business Reservations Centre Holland Holding BV.

Net assets disposed of and the related sale proceeds were as follows:

	20/04/2017
	£m
Property, plant and equipment	0.1
Trade receivables	0.6
Other receivables and prepayments	4.7
Bank balances and cash	2.5
Deferred income	(4.8)
Trade payables	(0.9)
Other payables	(0.8)
Net assets	1.4
Attributable retranslation reserve	(1.7)
Gain on disposal before directly attributable costs	0.3
Total consideration	-
Satisfied by:	
Cash and cash equivalents	-
Net cash outflow arising on disposal:	
Consideration received in cash and cash equivalents	-
Less: directly attributable costs of sale	(0.1)
Less: cash and cash equivalents disposed of	(2.5)
Net cash outflow	(2.6)

The total profit of £0.2m recognised in the income statement is net of £0.1m directly attributable expenses.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

32. Notes to the cash flow statement

	2018 £m	2017 £m
Profit for the year	18.8	17.2
Adjustment for:		
Share of loss of associates	0.4	-
Investment revenue	-	(0.2)
Other (gains) and losses	(0.7)	0.7
Finance costs	11.9	11.1
Income tax expense	7.8	7.4
Gains on disposal of discontinued operations	(0.2)	-
Gains on disposal of property, plant & equipment	(0.1)	(0.1)
Depreciation of property, plant and equipment	4.4	3.8
Amortisation of other intangible assets	0.9	1.5
Decrease in inventories	-	0.4
Increase in receivables	(10.8)	(15.8)
Increase in payables	2.6	7.4
Net cash inflow from operating activities	35.0	33.4
Tax paid	(5.7)	(2.8)
Net cash from operating activities	29.3	30.6

Cash inflow from operating activities has been generated from both continuing and discontinued operations.

Cash and cash equivalents

	2018 £m	2017 £m
Cash and bank balances	37.9	44.3
Cash and bank balances included in disposal group held for sale (see note 15)	-	0.8
Total cash and bank balances	37.9	45.1

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet position as shown above.

During the current year, Bookit had net operating cash inflow of £1.7m, paid £nil in respect of investing activities and paid £nil in respect of financing activities.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

32. Notes to the cash flow statement (continued)

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities:

	1 April 2017 £m	Financing cash flow £m (i)	New finance leases £m	Other changes £m (ii)	31 March 2018 £m
Bank loans (note 25)	189.7	(0.2)	-	(0.8)	188.7
Finance leases (note 39)	-	-	0.1	-	0.1
Derivative financial instruments (note 26)	2.4	-	-	(1.1)	1.3
Total liabilities from financing activities	192.1	(0.2)	0.1	(1.9)	190.1

- (i) The cash flows from bank loans make up net amount of proceeds from borrowings and repayment of borrowings in the cash flow statement.
- (ii) Other changes include borrowing costs, revaluation of foreign currency bank loans and movement in fair value of derivative financial instruments.

33. Operating lease arrangements

The Group as lessee

	2018 £m	2017 £m
Minimum lease payments under operating leases recognised as an expense in the year	15.9	11.7

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

	2018 £m	2017 £m
Within one year	21.6	14.2
In the second to fifth years inclusive	150.9	133.0
After five years	331.6	331.3

34. Contingent liabilities and contractual commitments

Under the terms of guarantees given to the Civil Aviation Authority, Association of British Travel Agents and other relevant authorities by the Group in respect of certain subsidiaries, in the event of default, the Group could be held liable to the extent of the subsidiaries' net trading liabilities at the time of default. At 31 March 2018 the Group had total bonds and guarantees of £30.9m (2017: £26.5m).

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

34. Contingent liabilities and contractual commitments (continued)

In October 2017, the European Commission opened a state aid investigation into the Group Financing Exemption in the UK controlled foreign company rules. The Group Financing Exemption was introduced in legislation by the British government in 2013. In common with other UK-based international companies whose arrangements are in line with current UK CFC legislation, the Group may be affected by the outcome of this investigation. If the preliminary findings of the European Commission's investigation into the UK legislation are upheld, we calculate the maximum potential liability to be approximately £2.5m. Based on a current assessment, the Directors believe that no provision is required in respect of this matter.

The Company will guarantee the debts and liabilities of its subsidiaries Meininger Limited (registered number 5898245), Meininger Hotel USA Limited (registered number 9594828), Meininger Hotel Europe Limited (registered number 9578443), Meininger Hotel Russia Limited (registered number 10260932) and Meininger Hotel Glasgow Limited (registered number SC577265) at the balance sheet date in accordance with section 479A of the Companies Act 2006. The Company has assessed the probability of loss under these guarantees as remote.

35. Retirement benefit schemes

Defined contribution schemes

The Group operates several defined contribution retirement benefit schemes for qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

The total cost charged to the income statement of £1.2m (2017: £1.3m) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. No amounts were outstanding at either 31 March 2018 or 31 March 2017.

Defined benefit schemes

The Group sponsors the PGL Voyages Limited Pension and Life Assurance Scheme, which is a funded defined benefit scheme. No other post-retirement benefits are provided.

The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 4 October 2016 and updated on an approximate basis to 31 March 2018 by Mr Donaldson of Quattro Pensions, Fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost was measured using the projected unit credit method.

The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. The accumulated benefit obligation (ABO) is an actuarial measure of the present value for service already rendered but differs from the projected unit credit method in that it includes no assumptions for future salary increases.

The scheme typically exposes the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the plan liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
Interest risk	A decrease in the bond interest rate will increase the plan liability but 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 the mortality of plan participants both during and after their employment. 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.

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Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

35. Retirement benefit schemes (continued)

The principal assumptions at the balance sheet date were:

	Valuation at	
	31 March 2018	31 March 2017
	%	%
Discount rate	2.5	2.5
Expected return on scheme assets	2.5	2.5
Expected rate of salary increases	4.0	3.9
Future pension increases	2.5	2.5
Inflation	3.0	2.9

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The mortality assumptions adopted at 31 March 2018 imply the following life expectancies:

Male now aged 45, life expectancy from age 65	22.0 years
Male now aged 65	23.1 years
Female now aged 45, life expectancy from age 65	23.8 years
Female now aged 65	25.1 years

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Percentage change to liability value	Addition to liability value £m
Reduce discount rate by 0.1% pa	1.7%	0.1
Increase inflation rate by 0.1% pa	0.1%	-
Add 1 year to life expectancies	3.0%	0.2

The Directors believe 0.1% to be an appropriate rate to test the sensitivity. 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 assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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 period, 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.

Amounts recognised in the profit and loss in respect of these defined benefit schemes are as follows:

	2018 £m	2017 £m
Interest cost	0.2	0.2
Expected return on scheme assets	(0.2)	(0.2)
Current service cost	0.1	0.1
Total recognised in the income statement	0.1	0.1

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

35. Retirement benefit schemes (continued)

Amounts recognised in the statement of comprehensive income are as follows:

	2018 £m	2017 £m
Actuarial gains arising from changes in demographic assumptions	(0.1)	-
Actuarial losses arising from changes in financial assumptions	0.1	1.2
Actuarial gain on assets	(0.1)	(0.7)
Total recognised in the statement of comprehensive income	(0.1)	0.5

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2018 £m	2017 £m
Present value of defined benefit obligations	(8.0)	(8.0)
Fair value of scheme assets	7.0	6.6
Funded status	(1.0)	(1.4)
Net liability recognised in the balance sheet	(1.0)	(1.4)

Movements in the present value of defined benefit obligations were as follows:

	2018 £m	2017 £m
At 1 April	8.0	6.9
Service cost	0.1	0.1
Interest cost	0.2	0.2
Actuarial (gains)/losses	(0.1)	1.2
Benefits paid	(0.2)	(0.4)
At 31 March	8.0	8.0

Movements in the fair value of scheme assets were as follows:

	2018 £m	2017 £m
At 1 April	6.6	5.8
Expected return on scheme assets	0.2	0.2
Actuarial gains	0.1	0.8
Contributions from the sponsoring companies	0.3	0.2
Benefits paid	(0.2)	(0.4)
At 31 March	7.0	6.6

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

35. Retirement benefit schemes (continued)

The fair value of the major categories of scheme assets at the balance sheet date are as follows:

	Fair value of assets	
	2018 £m	2017 £m
Equities	3.0	4.2
Property	-	-
Bonds	3.1	1.0
Cash	0.9	1.4
	<u>7.0</u>	<u>6.6</u>

The assets are reviewed on a quarterly basis. The Group has sought to ensure the long-term security of the defined benefit commitment and reduce earnings and balance sheet volatility.

The major portion of the equity securities held by the scheme is in international blue chip entities. The aim is to hold a globally diversified portfolio of equities, with a majority of equities held in UK and Europe.

The estimated amount of contributions expected to be paid to the scheme during the 2019 financial year is £0.3m.

The next triennial valuation of the Group's pension scheme is due to take place in October 2019. Under the funding schedule agreed with the scheme trustees, the Group aims to eliminate the current deficit over five years. The Group will monitor funding levels annually and the funding schedule will be reviewed between the Group and the trustees every three years, based on actuarial valuations. The Group considers that the contribution rates agreed with the trustees are sufficient to eliminate the current deficit over the agreed period.

The levels of contributions are based on the current service cost and the expected future cash flows of the defined benefit scheme.

36. Prepayments

	2018 £m	2017 £m
Current		
Booking related prepayments	6.4	7.6
Other prepayments and receivables	6.7	6.3
Advance lease payments (current)	0.7	0.5
Total current prepayments	<u>13.8</u>	<u>14.4</u>
Non current		
Advance lease payments	18.0	10.5
Total prepayments	<u>31.8</u>	<u>24.9</u>

Booking related prepayments are advances paid to the suppliers towards future bookings.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

37. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. During the year the Group purchased and sold goods or services in the ordinary course of business and received Group purchasing synergies from fellow Group undertakings of the Cox & Kings Group, the ultimate parent undertaking and from its associate. Details of the transactions during the year and balances at 31 March 2018 are shown in the table below.

	2018 £m		2017 £m		31 March 2018 £m		31 March 2017 £m	
	Transactions		Transactions		Balances		Balances	
	Debtor	Creditor	To	From	To	From	Debtor	Creditor
Cox & Kings Limited (India)	-	-	5.0	-	5.0	-	5.0	-
Cox & Kings Travel Limited (UK)	-	(0.2)	-	(0.3)	-	-	-	(0.1)
Cox & Kings Tours LLC (UAE)	0.9	-	-	-	1.2	-	0.3	-
Cox & Kings Destination Management Services Limited (UK)	-	-	1.5	-	-	-	1.5	-
Tute Education Limited (UK)	-	-	1.7	-	-	-	4.6	-
Tempo Holidays Pty Limited (Australia)	-	-	-	(0.1)	-	-	-	-
Prometheon Holdings (UK) Limited (UK)	-	-	-	-	107.2	-	107.0	-
Prometheon Enterprise Limited (UK)	-	-	-	-	-	-	0.6	-
Superbreak Mini Holidays Limited (UK)	-	(0.7)	-	(0.7)	0.2	(0.1)	0.2	(0.1)
Laterooms Limited (UK)	-	-	-	-	-	-	0.1	-
Malvern Group Limited (UK)	1.5	-	1.5	-	1.5	-	1.5	-
Total	2.4	(0.9)	9.7	(1.1)	115.1	(0.1)	120.8	(0.2)

Remuneration of key management personnel

The remuneration of the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	2018 £m	2017 £m
Short term employee benefits	2.2	2.2
Post-employment benefits	-	-
Total	2.2	2.2

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

38. Acquisition of subsidiary

On 8 March 2018, the Group acquired 100% of the issued share capital of Hotelbreak Holding UK Limited, an entity under ultimate common ownership at the time.

The purchase of Hotelbreak Holding UK Limited has been accounted for by the acquisition method of accounting.

	Book value £m	Fair value adjustments £m	Fair value £m
Net assets at date of acquisition			
Tangible fixed assets	4.5	-	4.5
Deferred tax	-	(0.6)	(0.6)
Trade and other payables	(4.5)	-	(4.5)
	<u>-</u>	<u>(0.6)</u>	<u>(0.6)</u>
Consideration			-
Goodwill			<u>0.6</u>

Goodwill of £0.6m arising from the acquisition of Hotelbreak Holding UK Limited is the strategic premium paid to acquire the entity. None of the goodwill is expected to be deductible for income tax purpose.

There is no profit or loss in the acquired entity since the date of acquisition to report in the current year. If acquisition was completed at the beginning of the period, the impact to the Group's revenue and profit before tax would have been immaterial.

39. Obligations under finance leases

	2018 £m	2017 £m
Amounts payable under finance leases:		
Within one year	-	-
In the second to fifth years inclusive	0.1	-
After five years	-	-
	<u>0.1</u>	<u>-</u>
Present value of lease obligations		

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

39. Obligations under finance leases (continued)

	2018 £m	2017 £m
Amounts payable under finance leases:		
Within one year	-	-
In the second to fifth years inclusive	0.1	-
After five years	-	-
	<u>0.1</u>	<u>-</u>
Present value of lease obligations	0.1	-
	<u>0.1</u>	<u>-</u>
Analysed as:		
Amounts falling due within one year	-	-
Amounts falling due after more than one year	0.1	-
	<u>0.1</u>	<u>-</u>

It is the Company's policy to lease certain motor vehicles under finance leases. The average lease term is 4 years. For the year ended 31 March 2018, the average effective borrowing rate was 9.3% (2017: nil). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in sterling.

The fair value of the Company's lease obligations is approximately equal to their carrying amount.

The Company's obligations under finance leases are secured by the lessors' rights over the leased assets.

Motor vehicles with a total net book value of £0.1m (2017: £nil) are under finance leases.

40. Other non-current liabilities

	2018 £m	2017 £m
Other non-current liabilities	3.0	-
Deferred revenue	0.4	0.3
	<u>3.4</u>	<u>0.3</u>

Other non-current liabilities of £3.0m (2017: £nil) is an amount due to the Bookit business. As part of sale agreement, the Group holds a liability to the new owners of Bookit towards the expected redeemable value of the total outstanding gift cards issued by Bookit as at 31 March 2017. The Group will repay this liability on a fortnightly basis, calculated on the actual redemption of the outstanding gift cards until 31 March 2022.

Holidaybreak Limited

Notes to the consolidated financial statements (continued) For the year ended 31 March 2018

41. Share based payments

The Group has a share based payment scheme in its subsidiary Holidaybreak Education Limited approved by its shareholders at board meeting on 12 March 2018. The subsidiary has issued to senior management and its directors 32,000,000 C ordinary shares under this scheme.

The details of this scheme are as follows:

Grant date	28 March 2018
Expiry date	31 March 2019
Initial hurdle	£358.3m as at 31 March 2018
Event	Sale of shares or listing or minority sale of Holidaybreak Education Ltd.
Exercisable value	7.5% of the realisable value less the initial hurdle compounded at annual rate of 10% until date of conversion, capped at 2.25% of realisable value.
Expiry	On the expiry date, such C ordinary shares would convert to B ordinary shares in the proportion of exercisable value subject to the initial hurdle being achieved.

The Group has not recorded any liabilities in the financial statements as the impact as at 31 March 2018 is not considered to be material.

The Group also has a share based payment scheme in its subsidiary Meininger Hotels Limited approved by its shareholders at board meeting on 10 January 2017. The subsidiary has issued to senior management and its directors 79,443 A ordinary shares under this scheme.

The details of this scheme are as follows:

Expiry date	None
Initial hurdle	€138.8m as at 30 April 2013
Event	Sale of shares or listing of this subsidiary or return of capital to the subsidiary's shareholders.
Exercisable value	20% of the realisable value less the initial hurdle as increased by fresh capital invested in the Company, decreased by distribution made by the Company to the holders of ordinary shares in the Company and compounded at annual rate of 16%.

The Group has not recorded any liabilities in respect to the above scheme because as at 31 March 2018, the Directors do not deem an 'exit' event to be probable.

Holidaybreak Limited

Company balance sheet For the year ended 31 March 2018

	Note	2018 £m	2017 £m
Non-current assets			
Property, plant and equipment	45	0.1	0.2
Investments	51	287.1	287.7
Interest in associates	51	5.1	0.3
Amounts due from associates	48	-	4.6
		<u>292.3</u>	<u>292.8</u>
Current assets			
Trade and other receivables	47	200.6	126.1
Cash and bank balances		2.9	17.5
Derivative financial instruments	53	-	0.2
Total assets		<u>495.8</u>	<u>436.6</u>
Current liabilities			
Borrowings	50	-	(12.6)
Trade and other payables	49	(73.9)	(78.9)
Current tax liability		-	(0.2)
Derivative financial instruments	53	(1.1)	(2.1)
Net current assets		<u>128.5</u>	<u>50.0</u>
Non-current liabilities:			
Borrowings	50	(188.7)	(177.1)
Other non-current liabilities	54	(3.0)	-
Deferred tax liabilities	52	(0.1)	(0.3)
Total liabilities		<u>(266.8)</u>	<u>(271.2)</u>
Net assets		<u>229.0</u>	<u>165.4</u>
Equity			
Share capital	55	3.6	3.6
Share premium account		70.5	70.5
Other reserve		40.8	40.8
Retained earnings		114.1	50.5
Shareholders' funds		<u>229.0</u>	<u>165.4</u>

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. The Company reported a profit for the financial year ended 31 March 2018 of £63.6m (2017: loss of £13.5m).

The notes included on pages 65 to 75 form an integral part of these financial statements.

The financial statements of Holidaybreak Limited (registered number 02305562) were approved by the Board of Directors and authorised for issue on 27 July 2018. They were signed on its behalf by:


Ajit P Menon
Director

Holidaybreak Limited

Company statement of changes in equity For the year ended 31 March 2018

	Share capital £m	Share premium account £m	Other reserve £m	Retained earnings £m	Total equity £m
Balance at 1 April 2016	3.6	70.5	40.8	64.0	178.9
Total comprehensive loss for the year	-	-	-	(13.5)	(13.5)
Balance at 31 March 2017	3.6	70.5	40.8	50.5	165.4
Total comprehensive income for the year	-	-	-	63.6	63.6
Balance at 31 March 2018	3.6	70.5	40.8	114.1	229.0

The share premium represents the amount paid by investors to acquire share of the Company in excess of its nominal value.

The other reserves comprise of cancelled share premium transferred to a non-distributable reserve.

The retained earnings are made up of retained profits.

The notes included on pages 65 to 75 form an integral part of these financial statements.

Holidaybreak Limited

Notes to the Company financial statements (continued) For the year ended 31 March 2018

42. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, 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 and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis except for the re-measurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year.

Share based payments

The Group has granted rights to equity instruments in its subsidiary to the employees within the group of such subsidiary. The Group accounts for this arrangement as a cash-settled share-based arrangement. While no employees participating in this scheme are employed by the Company, the Company has the obligation to settle any resulting liability arising on behalf of its subsidiary and hence accounts for this in its individual financial statements as a capital contribution.

Critical accounting judgments and key sources of estimation uncertainty

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

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

The Directors have not made any critical judgements or key sources of estimation uncertainty in applying the Company's accounting policies.

43. Profit for the year

The auditor's remuneration for audit and other services is disclosed in note 7 to the consolidated financial statements.

Holidaybreak Limited

Notes to the Company financial statements (continued) For the year ended 31 March 2018

44. Staff costs

The average monthly number of employees (including executive Directors) was:

	2018 Number	2017 Number
Management and administration	<u>14</u>	<u>13</u>

Their aggregate remuneration comprised:

	2018 £m	2017 £m
Wages and salaries	2.4	2.1
Social security costs	0.3	0.3
Other pension costs: Defined contribution	0.1	0.1
	<u>2.8</u>	<u>2.5</u>

45. Property, plant and equipment

	Total £m
Cost	
At 1 April 2017 and 31 March 2018	<u>0.4</u>
Accumulated depreciation	
At 1 April 2017	0.2
Charge for the year	<u>0.1</u>
At 31 March 2018	<u>0.3</u>
Net book value	
At 31 March 2018	<u>0.1</u>
At 31 March 2017	<u>0.2</u>

The assets relate to fixtures and fittings and leasehold improvements.

46. Other intangible assets

	Software £m
Cost	
At 1 April 2017 and 31 March 2018	<u>0.1</u>
Accumulated amortisation	
At 1 April 2017 and 31 March 2018	<u>0.1</u>
Carrying amount	
At 31 March 2017 and 31 March 2018	<u>-</u>

Holidaybreak Limited

Notes to the Company financial statements (continued) For the year ended 31 March 2018

47. Trade and other receivables

	2018 £m	2017 £m
Amounts owed by Group undertakings	200.1	125.8
Prepayments	0.5	0.3
	<u>200.6</u>	<u>126.1</u>

The amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

48. Amounts due from associates

	2018 £m	2017 £m
Amounts owed due from associate undertakings	-	4.6

Amounts owed by associates of £nil (2017: £4.6m) related to loan advances made to Tute Education Limited which are repayable after more than one year. They carried interest at 6% per annum which was to be repaid in full on redemption of the loan. During the current financial year, the loan was converted to equity, hence the increase in the interest in associates (see note 51).

49. Trade and other payables

	2018 £m	2017 £m
Trade payables	0.3	0.1
Amounts owed to Group undertakings	72.2	76.3
Accruals and deferred income	1.4	2.5
	<u>73.9</u>	<u>78.9</u>

The amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Holidaybreak Limited

Notes to the Company financial statements (continued) For the year ended 31 March 2018

50. Borrowings

Secured borrowings at amortised cost

	2018 £m	2017 £m
Bank loans	<u>188.7</u>	<u>177.1</u>

Borrowings are repayable as follows:

	2018 £m	2017 £m
Bank loans and overdrafts		
Between one and two years	12.4	12.6
Between two and five years	<u>176.3</u>	<u>164.5</u>
	188.7	177.1
On demand or within one year	-	12.6
	<u>188.7</u>	<u>189.7</u>

The bank loans are secured on freehold properties of certain subsidiary undertakings.

51. Fixed asset investments

	Subsidiary undertakings	Associates
Cost and net book value		
At 1 April 2017	287.7	0.3
Additions	-	4.8
Disposals	<u>(0.6)</u>	<u>-</u>
At 31 March 2018	<u>287.1</u>	<u>5.1</u>

All subsidiary undertakings have been included in the consolidation.

Holidaybreak Limited

Notes to the Company financial statements (continued) For the year ended 31 March 2018

51. Fixed asset investments (continued)

All subsidiary and associate undertakings of Holidaybreak Limited are as follows:

	Registered office	Country of incorporation and operation	Proportion of ordinary share capital held by the Company (%)	Proportion of ordinary share capital held by subsidiaries of the Company (%)
Education Division:				
NST Limited	22 Northwood Court, Santry, Dublin 9, Ireland	Ireland	-	100
NST Transport Services Limited	Discovery House [#]	England	-	100
SASu Le Chateau d'Ebbilinghem	Lieudit Kastel Velt, RN 42 Ebbilinghem, 59173 Renescur. France	France	-	100
SARL Chateau d'Ebbilinghem	Lieudit Kastel Velt, RN 42 Ebbilinghem, 59173 Renescur. France	France	-	100
PGL Air Travel Limited	Alton Court [#]	England	-	100
PGL Voyages Limited	Alton Court [#]	England	-	100
PGL Travel Limited	Alton Court [#]	England	-	100
PGL Adventure Limited	Alton Court [#]	England	-	100
Freedom of France Limited*	Alton Court [#]	England	-	100
Noreya SL	Tuset, 20-24 Barcelona. Spain	Spain	-	100
PGL Adventures SAS	Lieudit Segries, Vagnas, 07150 Vallon Pont d'Arc. France	France	-	100
Travelplus Group GmbH	Munsterstrasse 111, 48155 Munster. Germany	Germany	-	100
Travelplus Group GmbH	Leitermayergasse 43/3 A- 1180 Wien Austria	Austria	-	100
Simpar SASu	Chateau de Grande Romaine, La Grande Romaine. 77150 Lesigny. France	France	-	100
Chateau de Lamorlaye SCI*	Lieudit Segries, Vagnas, 07150 Vallon Pont d'Arc. France	France	-	100
SCI Domaine de Segries	Lieudit Segries, Vagnas, 07150 Vallon Pont d'Arc. France	France	-	100
European Study Tours Limited	4 Post Office Walk, Hertford, SG14 1DL	England	-	100
NST Holdings Limited	Discovery House [#]	England	-	100
NST Travel Group Limited	Discovery House [#]	England	-	100
PGL Group Limited**	Alton Court [#]	England	-	100

Holidaybreak Limited

Notes to the Company financial statements (continued) For the year ended 31 March 2018

51. Fixed asset investments (continued)

	Registered office	Country of incorporation and operation	Proportion of ordinary share capital held by the Company (%)	Proportion of ordinary share capital held by subsidiaries of the Company (%)
Education (continued):				
EST Transport Purchasing Limited	Millbank [#]	England	-	100
PGL Travel Pty Limited	Melbourne [#]	Australia	-	100
PGL Property Pty Limited	Melbourne [#]	Australia	-	100
PGL Adventure Camps Pty Limited	Melbourne [#]	Australia	-	100
Cox & Kings PGL Camps Pty	Melbourne [#]	Australia	-	100
Hotelbreak Holdings UK Limited	6 th Floor, 30 Millbank, London SW1P 4EE, UK	England	-	100
Meininger:				
Meininger Holding GmbH**	Berlin [#]	Germany	-	100
Meininger Airport Hotels BBI GmbH	Berlin [#]	Germany	-	100
Meininger Airport Frankfurt GmbH	Berlin [#]	Germany	-	100
Meininger "10" Frankfurt GmbH	Berlin [#]	Germany	-	100
Meininger "10" Hostel und Reiservermittlungs GmbH	Berlin [#]	Germany	-	100
Meininger Shared Services GmbH	Berlin [#]	Germany	-	100
Meininger "10" City Hostel Berlin-Mitte GmbH	Hallesches Ufer 30, 10963 Berlin, Germany	Germany	-	100
Meininger "10" Hamburg GmbH	Hallesches Ufer 30, 10963 Berlin, Germany	Germany	-	100
Meininger Oranienburger Strasse GmbH	Berlin [#]	Germany	-	100
Meininger Berlin Hauptbahnhof GmbH	Berlin [#]	Germany	-	100
Meininger Brussels GmbH	Berlin [#]	Germany	-	100
Meininger Hotel Berlin Tiergarten GmbH	Berlin [#]	Germany	-	100
Meininger Barcelona GmbH	Berlin [#]	Germany	-	100
Meininger Hotel Berlin East Side Gallery GmbH (formerly Meininger Nurnberg GmbH)		Germany	-	100
Meininger West GmbH & Co. KG	Berlin [#]	Germany	-	100
Meininger West Verwaltungs GmbH	Berlin [#]	Germany	-	100
Meininger Paris SCI	259 Rue Saint Honore 75001 Paris, France	Germany	-	100
Meininger Limited	Millbank [#]	England	-	100
Meininger Amsterdam BV	Netherlands [#]	Holland	-	100
Meininger Amsterdam Amstelstation BV	Netherlands [#]	Holland	-	100

Holidaybreak Limited

Notes to the Company financial statements (continued) For the year ended 31 March 2018

51. Fixed asset investments (continued)

	Registered office	Country of incorporation and operation	Proportion of ordinary share capital held by the Company (%)	Proportion of ordinary share capital held by subsidiaries of the Company (%)
Meininger (continued):				
Meininger Wien Schiffamtsgasse GmbH	Schiffamtsgasse 15, 1020 Wien, Austria	Austria	-	100
Meininger Wien GmbH	Rembrandtstraße 21, 1020 Wien, Austria	Austria	-	100
Meininger Hotellerrichtungs GmbH	Fürbergstraße 18-20, 5020 Salzburg, Austria	Austria	-	100
Meininger City Hostels & Hotels GmbH	Columbusgasse 16 1100 Wien, Austria	Austria	-	100
Meininger Finance Company Limited	33-37 Athol Street, Douglas, Isle of Man, IM1 1LB	Isle of Man	-	100
Holidaybreak Hotel Holdings GmbH**	Berlin*	Germany	-	100
Meininger Hotels Limited (formerly Holidaybreak Hotel Holdings Limited**)	Millbank*	England	100	-
Meininger Hotel Europe Limited**	Millbank*	England	-	100
Meininger Hotel Hungary kft	1027 Budapest, Kacsá utca 15-23, Hungary	Hungary	-	100
Meininger Hotel Venice Marghera S.R.L.	Via Delle Quattro Fontane, Italy 20 Cap, 00184, Roma, Italy	Italy	-	100
Meininger Hotel Rome Termini Station S.R.L.	Via Delle Quattro Fontane, Italy 20 Cap, 00184, Roma, Italy	Italy	-	100
Meininger Hotel USA Limited**	Millbank*	England	-	100
Meininger Holding USA Inc	Blumberg Excelsior Services, 1013 Centre Road Suite, 403S Wilmington de 19805, County of New Castle	USA	-	100
Meininger Hotel Asia Pacific Pte Limited	80 Robinson Road, #02-00, Singapore Singapore, 068899	Singapore	-	100
Meininger Hotel Heidelberg GmbH	Berlin*	Germany	-	100
Meininger Hotel Munchen Olympiapark GmbH	Berlin*	Germany	-	100
Meininger Hotel Leipzig Hauptbahnhof GmbH	Berlin*	Germany	-	100
Meininger Hotels (India) Private Limited	1st Floor, Turner Morrison Building, 16 Bank Street, Fort Mumbai, 400001, India	India	-	100

Holidaybreak Limited

Notes to the Company financial statements (continued) For the year ended 31 March 2018

51. Fixed asset investments (continued)

	Registered office	Country of incorporation and operation	Proportion of ordinary share capital held by the Company (%)	Proportion of ordinary share capital held by subsidiaries of the Company (%)
Meininger (continued):				
Meininger Hotel Paris Porte de Vincennes SAS	259 Rue Saint Honore 75001 Paris, France	France	-	100
Meininger Hotel Russia Limited	Millbank [#]	England	-	100
Meininger Hotel Zurich AG	C/o Zurich City West Centre GmbH, Badenerstrasse 549, 8048 Zurich, Switzerland	Switzerland	-	100
Meininger Hotel Milan Lambrate SRL	via Crocefisso, n.5, Milan (MI), Italy	Italy	-	100
Meininger Hotel Copenhagen ApS	C/o Accura Advokatpartnerselskab Tuborg Boulevard 1 2900 Hellerup Denmark	Denmark	-	100
Meininger Hotel Brussels Midi Station SA	Rue de la Presse 4, 1000 Brussels, Belgium	Belgium	-	100
Meininger Hotel Milan City SRL	Via Crocefisso, n.5, Milan (MI), CAP 20122, Italy	Italy	-	100
Meininger Hotel Lyon SAS	1 Boulevard Marius Vivier Merle 69443 Lyon Cedex 3	France	-	100
Meininger Hotel Genf AG	C/o Geneva Cornavin Centre Sarl, 7 place de Cornavin, 1201 Geneva	Switzerland	-	100
Meininger Hotel Glasgow Limited	272 Bath Street, Glasgow, Scotland, G2 4JR	Scotland	-	100
Meininger Hotel Dresden GMBH	Berlin [#]	Germany	-	100
Meininger Hotel Bordeaux SAS	3 Rue du Golf - Parc Innolin CS 60073 33701 Mérignac, Cedex	France	-	100
Other:				
Holidaybreak Trustee Limited*	Millbank [#]	England	100	-
Holidaybreak Quest Trustee Limited*	Millbank [#]	England	100	-
Holidaybreak Holding Company Limited**	3rd Floor St George's Court, Upper Church Street, Douglas. IM1 1EE Isle of Man	Isle of Man	100	-
Hotelnet Limited*	Millbank [#]	England	100	-

Holidaybreak Limited

Notes to the Company financial statements (continued) For the year ended 31 March 2018

51. Fixed asset investments (continued)

	Registered office	Country of incorporation and operation	Proportion of ordinary share capital held by the Company (%)	Proportion of ordinary share capital held by subsidiaries of the Company (%)
Other (continued):				
Travelworks UK Limited*	Millbank [#]	England	100	-
Edge Adventures Limited (formerly Holidays Limited) *	Millbank [#]	England	100	-
Holidaybreak Education Limited**	Millbank [#]	England	100	-
Holidaybreak Education EBT Limited	Millbank [#]	England	-	100
Other investments (associate)				
Tute Education Limited	Unit 3 Chesney Court, Wrexham Technology Park, Wrexham, LL13 7YP	England	67	-
Tutors Direct Limited	Leonard Curtis, Hollins Lane, Bury, Lancashire, BL9 8DG	England	40	-

* denotes dormant

** denotes holding company

Alton Court [#]	Alton Court Penyard Lane, Ross on Wye, Herefordshire, HR9 5GL, UK
Berlin [#]	Schöneberger Straße 15, 10963 Berlin, Germany
Discovery House [#]	Discovery House Brooklands Way, Whitehills Business Park, Blackpool, Lancashire, FY4 5LW, UK
Melbourne [#]	1st Floor, 72 Market Street, South Melbourne, Vic 3205, Australia
Millbank [#]	3rd Floor, 30 Millbank, London, SW1P 4DU
Netherlands [#]	Orlyplein 1-67, 1043DR, Amsterdam, Netherlands

52. Deferred tax liabilities

	Accelerated depreciation £m	Derivatives £m	Total £m
At 1 April 2017	0.1	(0.4)	(0.3)
Credit to the profit or loss	-	0.2	0.2
At 31 March 2018	0.1	(0.2)	(0.1)

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Notes to the Company financial statements (continued) For the year ended 31 March 2018

52. Deferred tax liabilities (continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2018 £m	2017 £m
Deferred tax liabilities	(0.2)	(0.4)
Deferred tax assets	0.1	0.1
	<u>(0.1)</u>	<u>(0.3)</u>

53. Derivative financial instruments

	2018 £m	2017 £m
Financial assets carried at fair value through profit or loss (FVPTL)		
Held for trading derivatives that are not designated in hedge accounting relationships:		
Interest rate derivatives	-	-
Foreign currency derivatives	-	0.2
Financial assets carried at fair value through profit or loss (FVPTL)	<u>-</u>	<u>0.2</u>
Financial liabilities carried at fair value through profit or loss (FVPTL)		
Held for trading derivatives that are not designated in hedge accounting relationships:		
Interest rate derivatives	(0.6)	(1.9)
Foreign currency derivatives	(0.5)	(0.2)
Financial liabilities carried at fair value through profit or loss	<u>(1.1)</u>	<u>(2.1)</u>

54. Other non-current liabilities

	2018 £m	2017 £m
Other non-current liabilities	<u>3.0</u>	<u>-</u>

The details of other non-current liabilities is disclosed in note 40 to the consolidated financial statements.

55. Share capital

The details of share capital is disclosed in note 30 to the consolidated financial statements.

56. Share based payments

The details of share based scheme is disclosed in note 41 to the consolidated financial statements. The Company has not recorded any liabilities in the financial statements as it is not material as at 31 March 2018.

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Notes to the Company financial statements (continued) For the year ended 31 March 2018

57. Controlling party

The Company's immediate parent undertaking is Prometheon Holdings (UK) Limited which is registered in the UK and is the parent undertaking of the smallest Group to consolidate these financial statements. Copies of Prometheon Holdings (UK) Limited's consolidated financial statements can be obtained from its registered office address at 6th Floor, 30 Millbank, London, SW1P 4EE.

The ultimate parent undertaking and controlling party is Cox & Kings Limited, a Company registered in India, which is the largest Group to consolidate these financial statements. Copies of Cox & Kings Limited consolidated financial statements can be obtained from its registered office address at 1st Floor, Turner Morrison Building, 16 Bank Street, Fort, Mumbai – 400 001.