Radical Travel Group Limited

Annual report and financial statements

Registered number SC136334

For the year ended 31 December 2018

Contents

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the company during the year was the operation of coach tours.

These accounts have been prepared in accordance with the provisions of the small companies' regime as defined in the Companies Act 2006 and accordingly the directors have chosen not to present a strategic report.

Business review

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

Results and dividends

The profit for the year after taxation was £177,484 *(2017: £269,464)*. The directors do not recommend the payment of a dividend *(2017: £nil)*.

Financial instruments

Details of the company's financial risk management objectives and policies are included in note 22 to the financial statements.

Directors

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

DID Howie
CG Ward

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

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

By order of the board

Derek Howie
Secretary

Atholl Exchange,
6 Canning Street,
Edinburgh,
EH3 8EG

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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

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

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

KPMG

KPMG LLP
One St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent Auditor's Report to the Members of Radical Travel Group Limited

Opinion

We have audited the financial statements of Radical Travel Group Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the carrying value of assets and liabilities and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

Independent Auditor's Report to the Members of Radical Travel Group Limited *(continued)*

Going concern *(continued)*

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon. .

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Radical Travel Group Limited *(continued)*

The purpose of our audit work and to whom we owe our responsibilities

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

Liam Finnigan 30/9/19

Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Saint Peter's Square
Manchester
M2 3AE

Statement of comprehensive income

for the year ended 31 December 2018

	Note	2018	2017
		£	£
Revenue	2	4,411,602	4,321,259
Cost of sales		(2,715,608)	(2,620,720)
Gross profit		1,695,994	1,700,539
Administrative expenses		(1,480,330)	(1,324,104)
Other operating income	3	2,511	1,488
Operating profit	4	218,175	377,923
Finance income	7	742	192
Finance expenses	8	(1,010)	(1,910)
Profit before taxation		217,907	376,205
Taxation	9	(40,423)	(106,741)
Profit for the year		177,484	269,464
Total comprehensive income for the year		177,484	269,464

All of the activities of the company are classed as continuing.

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

The notes on pages 10 to 27 form an integral part of these financial statements.

Statement of changes in equity

for the year ended 31 December 2018

	Share capital £	Retained Earnings £	Total £
Balance at 1 January 2017	15,100	2,154,175	2,169,275
Total comprehensive income for the year	-	269,464	269,464
Balance at 31 December 2017	15,100	2,423,639	2,438,739
Total comprehensive income for the year	-	177,484	177,484
Balance at 31 December 2018	**15,100**	**2,601,123**	**2,616,223**

The notes on pages 10 to 27 form an integral part of these financial statements.

Statement of financial position
as at 31 December 2018

	Note	2018 £	2017 £
Non-current assets			
Plant and equipment	*10*	1,451,045	981,430
Investments	*11*	340,747	256,770
Total non-current assets		1,791,792	1,238,200
Current assets			
Inventory	*13*	16,809	11,141
Amounts due from related parties	*14*	558,093	494,701
Trade and other receivables	*15*	285,866	203,373
Cash and cash equivalents	*16*	578,915	1,185,276
Total current assets		1,439,683	1,894,491
Total assets		3,231,475	3,132,691
Non-current liabilities			
Loans and borrowings	*20*	-	22,500
Deferred tax liabilities	*12*	71,335	74,334
Total non-current liabilities		71,335	96,834
Current liabilities			
Amounts due to related parties	*17*	253,053	301,701
Trade and other payables	*18*	225,667	144,507
Tax payable		42,697	94,263
Loans and borrowings	*20*	22,500	56,647
Total current liabilities		543,917	597,118
Total liabilities		615,252	693,952
Net assets		2,616,223	2,438,739
Equity			
Share capital	*21*	15,100	15,100
Retained earnings		2,601,123	2,423,639
Total equity		2,616,223	2,438,739

The notes on pages 10 to 27 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 20 September 2019 and were signed on its behalf by:

Derek Howie
Director

Statement of cash flows
for the year ended 31 December 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit for the year		177,484	269,464
Adjustments for:			
Depreciation	10	241,913	249,818
Finance income	7	(742)	(192)
Finance expense	8	1,010	1,910
Loss/(profit) on sale of property, plant and equipment		1,100	(2,547)
Taxation	9	40,423	106,741
		461,188	625,194
Increase in inventories		(5,668)	(100)
(Increase)/decrease in trade and other receivables		(229,862)	69,415
(Decrease)/increase in trade and other payables		(24,136)	105,911
		201,522	800,420
Tax paid		(94,987)	(4,192)
Net cash generated from operating activities		106,535	796,228
Cash flows from financing activities			
Interest paid		(1,010)	(1,910)
Net cash used in financing activities		(1,010)	(1,910)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	171,000
Acquisition of property, plant and equipment	10	(712,628)	(4,629)
Interest received		742	192
Net cash (used in)/generated from investing activities		(711,886)	166,563
Net (decrease)/increase in cash and cash equivalents		(606,361)	960,881
Cash and cash equivalents at beginning of year	16	1,185,276	224,395
Cash and cash equivalents at end of year	16	578,915	1,185,276

The notes on pages 10 to 27 form an integral part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Radical Travel Group Limited ("the company") is a company incorporated in Scotland. The registered number is SC136334 and the registered address is Atholl Exchange, 2nd Floor 6 Canning Street, Edinburgh, EH3 8EG.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and the historical cost convention.

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

Consolidation

The company has taken the exemption not to present consolidated accounts under section 400 of the Companies Act 2006, as the Company is consolidated into the accounts of its immediate parent, Insight Group Limited, a company registered in England and Wales. Copies of the consolidated financial statements of Insight Group Limited are available to the public from the Registrar of Companies.

Going concern

Based on a review of future forecasts and current operational strategies, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Use of estimates and judgements

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

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

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

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements relate to revenue recognition. The Directors have made the judgement to recognise revenue in full on the departure date of the tour. This policy also applies to cancellation revenue, which is not recognised until the departure date.

Revenue

Revenue represents the income earned from the provision of coach tours and acting as a sales agent. Revenue is recognised at the point in time at which the tour departs.

Foreign currency

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

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

Non-derivative financial instruments

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

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

1 Accounting policies *(continued)*

Non-derivative financial instruments (continued)

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold property 7-18 years
- Fixtures and fittings 3-5 years
- Motor vehicles 5 years
- Computer equipment 3-4 years

Inventory

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Employee benefits

Defined benefit plans

The company participates in a group defined benefit pension scheme, which was closed to new members from 1 May 2004 and closed to further accrual from 1 May 2011. The assets of the scheme are held separately from those of the company in separate trustee administered funds. The pension scheme is a group plan and Radical Travel Group Limited is not the sponsoring entity. Consequently, the scheme is accounted for as a defined contribution scheme and obligations for contributions are recognised as an expense in the statement of comprehensive income as incurred. The net defined benefit cost of the pension plan is therefore recognised fully by the sponsoring employer, which is another member of the group.

Defined contribution plans

From 1 May 2004 the company participated in a group defined contribution scheme, open to all employees subject to scheme rules. The assets of the scheme are held separately from those of the company in separate trust administered funds. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

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

19 Accounting policies *(continued)*

Taxation

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

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

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

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

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, and interest receivable on funds invested that are recognised in the income statement

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

Capital Management

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

The company has no external debt as at 31 December 2018 and is not subject to externally imposed capital requirements; management of capital therefore focuses around its ability to generate cash from its operations.

Standards, amendments and interpretations adopted during the period

The Group has adopted the following standards, amendments and interpretations which have not had a significant impact on the Group's results:

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. The standard introduces a new revenue recognition model that recognised revenue either at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. It has been determined that no changes are required to our current revenue recognition methods as these are still within material adherence of IFRS 15.

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

1 Accounting policies *(continued)*

New standards and interpretations adopted (continued)

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, and as the policies applied in the prior year were materially appropriate under IFRS 15 the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not been applied to comparative information.

IFRS 9 'Financial Instruments'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The main financial statement caption effected is receivables. As a result of the adoption of IFRS 9, the new single expected credit loss impairment model is now applied in calculating the provision for credit losses. Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial assets or financial liabilities.

Standards, amendments and interpretations not yet adopted

The Company has not yet adopted the following standard:

IFRS 16 'Leases'

IFRS 16 'Leases' – In January 2016, the IASB issued IFRS 16 and it is expected to apply to an entity's first annual statement beginning on or after 1 January 2019. It eliminates the current IAS 17 dual accounting model, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases and, instead, introduces a single, on-balance sheet accounting model that is similar to current finance lease accounting.

The Company currently has several operating leases for buildings and machinery, at adoption on 1 January 2019 this will be recognised on the Statement of Financial Position as a right of use asset and a liability for the minimum lease payments. There will also be an impact on profit before tax as a result of increased depreciation charges and finance costs. The Company is currently in the process of quantifying the impact of these changes. The option for transition to be taken by the Company is the modified retrospective approach under IFRS 16.

2 Revenue

Revenue represents the income earned from travel arrangements net of any discounts.

Revenue is recognised at the point in time at which the tour departs. Income received in respect of tours with a starting date in future accounting periods is treated as deferred revenue on the balance sheet.

3 Other operating income

Other operating income relates primarily to commission on the sale of third-party tours and the sale of merchandise.

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

4 Expenses and auditor's remuneration

	2018	2017
	£	£
Included in the profit for the year are the following:		
Depreciation of plant and equipment	241,913	249,818
Operating leases – land and buildings	114,071	104,588

	2018	2017
	£	£
Auditor's remuneration:		
Audit	8,500	8,000

5 Staff numbers and costs

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

	Number of employees	
	2018	2017
Administrative	4	3
Sales	12	12
Operations	26	23
	42	38

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£	£
Wages and salaries	1,059,575	938,562
Social security costs	97,740	80,228
Other pension costs	81,711	75,038
	1,239,026	1,093,828

6 Directors' Emoluments

	2018	2017
	£	£
Directors' emoluments	136,751	124,467
Company contributions to defined contribution scheme	8,000	8,000
	144,751	132,467

7 Finance income

	2018	2017
	£	£
Bank interest receivable	742	192

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

8 Finance expenses

	2018 £	2017 £
Finance charges	1,010	1,910

9 Taxation

Recognised in the income statement

	2018 £	2017 £
Current tax expense		
Current year	42,698	94,263
Prior year adjustment	724	(15,422)
Current tax expense	43,422	78,841
Deferred tax expense		
Origination of timing differences	(2,999)	27,900
Deferred tax expense	(2,999)	27,900
Total tax in income statement	40,423	106,741

Reconciliation of effective tax rate:

	2018 £	2017 £
Current tax reconciliation		
Profit on ordinary activities before tax	217,907	376,205
Effects of:		
Tax using UK corporation tax rate of 19% *(2017: 19.25%)*	41,402	72,419
Non-deductible expenses	46,156	47,889
Capital allowances	(44,860)	(26,045)
Adjustments to prior year	724	(15,422)
Fixed asset timing differences	(2,999)	27,900
Total tax in income statement	40,423	106,741

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2018) with a further reduction to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2016. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2018 has been calculated based on these rates.

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

10 Plant and equipment

	Leasehold Property £	Computer Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
Balance at 31 December 2017	25,000	106,439	208,326	1,236,360	1,576,125
Additions	-	1,945	4,073	706,610	712,628
Disposals	-	(3,180)	(2,958)	(3,360)	(9,498)
Balance at 31 December 2018	**25,000**	**105,204**	**209,441**	**1,939,610**	**2,279,255**
Depreciation					
Balance at 31 December 2017	25,000	94,155	120,391	355,149	594,695
Depreciation charge for the year	-	8,511	32,006	201,396	241,913
Disposals	-	(2,640)	(2,958)	(2,800)	(8,398)
Balance at 31 December 2018	**25,000**	**100,026**	**149,439**	**553,745**	**828,210**
Net book value					
At 31 December 2017	-	12,284	87,935	881,211	981,430
At 31 December 2018	**-**	**5,178**	**60,002**	**1,385,865**	**1,451,045**

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

11 Investments

	2018	2017
Share capital	£	£
Morag's Lodges Limited	2	2
Shamrocker Adventures Limited	8	8
	10	10
Loans with related parties		
Morag's Lodges Limited	340,737	256,760
	340,747	256,770

The Company has the following investments in subsidiaries:

Company	Country of incorporation	Class of shares held	Ownership 2018 %	Ownership 2017 %
Morag's Lodges Limited	United Kingdom	Ordinary	100	100
Shamrocker Adventures Limited	Ireland	Ordinary	100	100

The registered office of Morag's Lodges Limited is Atholl Exchange, 2nd Floor 6 Canning Street, Edinburgh, EH3 8EG.
The registered office of Shamrocker Adventures Limited is 6th Floor, South Bank House, Barrow Street, Dublin 4.

12 Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2018 £	2017 £
Plant and equipment	71,335	74,334

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

The movement in the deferred taxation during the year:

	2018 £	2017 £
At 1 January	74,334	46,434
Recognised in income statement	(2,999)	27,900
At 31 December	71,335	74,334

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

13 Inventory

Inventory relates to supplies of diesel held for refuelling coaches, merchandise and staff uniforms.

14 Amount due from related parties

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

	2018 £	2017 £
Shamrocker Adventures Limited	192,283	148,960
Busabout Operations Limited	220,322	147,582
Contiki Holidays (Aus) Pty Limited	47,277	195,029
Contiki Holidays (NZ) Limited	416	2,200
Travcorp SA (Pty) Limited	-	51
Contiki Holidays (Canada) Limited	97,669	775
Evan Evans Tours Limited	126	104
	558,093	494,701

The company's exposure to credit and currency risks and impairment losses related to amounts due from related parties is disclosed in note 22.

15 Trade and other receivables

	2018 £	2017 £
Trade receivables	23,475	19,741
Other receivables	94,532	92,707
Prepayments	109,981	89,122
VAT	57,878	1,803
	285,866	203,373

The company's exposure to credit risk and impairment losses related to trade receivables is disclosed in note 22.

16 Cash and cash equivalents

	2018 £	2017 £
Cash and cash equivalents per balance sheet	578,915	1,185,276

The company's exposure to credit and interest rate risks and a sensitivity analysis is disclosed in note 22.

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

17 Amount due to related parties

Amounts owing to other members of the TTC group, which are unsecured, non-interest bearing, and payable on demand are:

	2018	2017
	£	£
Insight Travel Services Limited	217,576	254,776
Travcorp Management Services Limited	20,482	18,494
TTC Travel Group Limited	14,903	28,431
Travcorp SA (Pty) Limited	92	-
	253,053	301,701

The company's exposure to liquidity risk related to amounts due to related parties is disclosed in note 22.

18 Trade and other payables

	2018	2017
	£	£
Trade payables	69,871	33,535
Other payables	7,507	7,195
PAYE and social security	24,505	23,005
Accruals and deferred income	123,784	80,772
	225,667	144,507

The company's exposure to liquidity risk related to trade payables is disclosed in note 22.

Notes *(continued)*

(forming part of the financial statements)

19 Employee benefits

Pension plans

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

The value of the scheme's assets at 1 May 2016 was £25,295,000 which represented 65% of the present value of past service liability, based on projected pensionable salaries.

To deal with the deficit, the participating employers have agreed to pay deficit contributions of £861,000 (2017: £834,000) per annum with effect from 1 May 2016 in order to eliminate the shortfall by 30 April 2026.

During the year ended 31 December 2018 was £44,484 charged against profits in respect of the defined benefit scheme *(2017: £42,534)* and £37,227 was charged against profits in respect of the defined contribution scheme *(2017: £32,504)*.

The scheme holds 15% (as at the balance sheet date) of its invested assets in long-dated gilts, which reduce the scheme's interest-rate risk by approximately 16%.

Plan assets consist of the following:

	2018 £000	2017 £000
Present value of funded defined benefit obligations	36,468	44,689
Fair value of plan assets	(22,651)	(27,331)
Net liability	13,817	17,358

Movement in the present value of the defined benefit obligation:

	2018 £000	2017 £000
Liability for defined benefit obligations at 1 January	44,689	44,327
Interest cost	998	1,140
Past service cost	361	-
Gain on settlement	(1,767)	-
Benefits paid by the plan	(4,335)	(964)
Actuarial (gains)/losses recognised in equity	(3,478)	186
Liability for defined benefit obligations at 31 December	36,468	44,689

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

19 Pension scheme *(continued)*

Movement in fair value of plan assets:

	2018 £000	2017 £000
Fair value of plan assets at 1 January	27,331	25,295
Interest income	614	656
Employer contributions	861	834
Benefits paid by the plan	(4,335)	(964)
Actuarial (losses)/gains recognised in equity	(1,820)	1,510
Fair value of plan assets at 31 December	22,651	27,331

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.

Expense recognised in statement of comprehensive income

	2018 £000	2017 £000
Interest cost	384	484
Past service cost	361	-
Gain on settlement	(1,767)	-
	(1,022)	484

Plan assets consist of the following:

	2018 £000	2017 £000
Equity securities	17,192	16,220
Bonds	4,188	8,348
Property	524	2,130
Cash	747	633
	22,651	27,331

	2018 £000	2017 £000
Interest credit (on plan assets)	614	656
Actual return on plan assets	(1,207)	2,166

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

19 Pension scheme *(continued)*

Actuarial assumptions:

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

	2018 %	2017 %
Discount rate	2.8	2.4
Future salary increases	3.3	3.1
Future pension increases on benefits accrued from 1997 to 2008	3.8	3.8
Future pension increases on benefits accrued post 2008	3.3	3.3
Rate of increase on deferred pensions	2.3	2.1
Retail Price Inflation - pre-retirement	3.3	3.1
Retail Price Inflation - post-retirement	3.5	3.5
Consumer Price Inflation - pre-retirement	2.3	2.1

History of plans

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

	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Present value of the defined benefit obligation	(36,468)	(44,689)	(44,327)	(34,802)	(36,797)
Fair value of plan assets	22,651	27,331	25,295	21,420	21,248
Deficit in the plan	(13,817)	(17,358)	(19,032)	(13,382)	(15,549)
Experience adjustments on plan liabilities	1.4%	2.5%	0.4%	1.0%	(0.3%)
Experience adjustments on plan assets	(8.0%)	5.5%	10.9%	(1.3%)	0.4%

20 Loans and borrowings

Non-current liabilities	2018 £	2017 £
Related Party – Travcorp Financial Services Limited	-	22,500
Current liabilities		
Related Party – Travcorp Financial Services Limited	22,500	56,647

The above liabilities disclosed as falling due after more than one year are secured by the company.

Terms and debt repayment schedule

The company has a loan with Travcorp Financial Services Limited which is a related party. The loan for £180,000 will be fully paid off by 2019. 2% interest is charged for the term.

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

21 Called up share capital

	2018 No	2018 £	2017 No	2017 £
Allotted, called up and fully pid				
Ordinary shares of £1 each	15,100	15,100	15,100	15,100

22 Financial risk management objectives and policies

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

a) to finance its operations;

b) to manage its exposure to interest risk from its operations and from its sources of finance; and

c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

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

Credit risk

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

The company has no significant concentrations of credit risk. The intercompany balances are not considered to represent a significant credit risk by the directors.

Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments. The maximum exposure at the reporting date was:

	2018 £	2017 £
Amounts due from related parties	558,093	494,701
Trade receivables	23,475	19,741
Cash and cash equivalents	578,915	1,185,276
	1,160,483	1,699,718

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

22 Financial risk management objectives and policies *(continued)*

All trade receivables originate from the United Kingdom.

Credit risk with respect to trade receivables is monitored on an ongoing basis by the finance department. The terms of debt are within 30 days of recognition of sales. At the balance sheet date the four largest trade receivables by customer, accounted for £18,760 of the total trade receivables balance, and the largest individual balance was £7,524.

Receivables by age and impairment losses

	Gross 2018 £	Impairment 2018 £	Gross 2017 £	Impairment 2017 £
Not past due	11,660	-	19,741	-
Past due 1-30 days	-	-	-	-
Past due 31-120 days	1,332	-	-	-
More than 120 days past due	10,483	-	-	-
	23,475	-	19,741	-

Liquidity risk

The company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due.

Trade payables of £69,871 *(2017: £33,535)* are payable within 6 months or less of the year end.

Amounts due to related parties of £275,553 *(2017: £301,701)* are payable within 6 months of the year end.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
31 December 2018							
Loan from related party	275,553	275,720	275,720	-	-	-	-
31 December 2017							
Loan from related party	380,848	382,025	336,461	22,897	22,667	-	-

Interest rate risk

The company invests its cash in a range of cash deposit accounts with UK Banks. Interest earned therefore closely follows movements in Bank of England base rates. A movement of 1% in this rate would result in a difference in annual pre-tax profit of £5,789 based on company cash, cash equivalents and financial instruments at 31 December 2018.

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

22 Financial risk management objectives and policies *(continued)*

Foreign exchange risk

The company is exposed to foreign exchange risk primarily in respect of transactions involving the Australian Dollar. The company does not use forward exchange contracts to hedge the company's exposure to foreign currency risk in the local reporting currency.

Exposure to currency risk

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

	2018					2017				
	NZ	AUD	Rand	Euro	CAD	NZ	AUD	Rand	Euro	CAD
Amounts due from related parties	416	47,277	-	192,283	97,670	2,200	195,029	51	148,960	775
Amounts due to related parties	-	-	92	-	-	-	-	-	-	-
Gross balance sheet exposure	416	47,277	92	192,283	97,670	2,200	195,029	51	148,960	775

The following significant exchange rates applied during the year:

	Average rate 2018	2017	Reporting date spot rate 2018	2017
AUD	1.7856	1.6801	1.8110	1.7279
Euro	1.1301	1.1420	1.1138	1.1253
NZ	1.9283	1.8118	1.9020	1.9028

Sensitivity analysis

A 10% strengthening of the pound against the following currencies at 31 December 2018 would have increased profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2017.

	2018 £	2017 £
AUD	(4,728)	(19,503)
Rand	9	(5)
NZ	(42)	(220)
Euro	(19,228)	(14,896)
CAD	(9,767)	(78)

A 10% weakening of the pound against the above currencies at 31 December 2018 would have had the equal but opposite effect of the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Fair value

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

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

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

23 Commitments under operating leases

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

	2018 £	2017 £
Within one year	119,913	92,587
Between two and five years	419,135	115,469
More than five years	97,388	110,399
	636,436	318,455

During the year £114,071 was recognised as an expense in the income statement in respect of operating leases for land and buildings *(2017: £104,588)*.

24 Related party transactions

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

	2018 £	2017 £
Morag's Lodges Limited	78,752	61,985
Shamrocker Adventures Limited	100,055	87,556
Busabout Operations Limited	72,025	55,656
Travcorp Management Services Limited	48,942	42,115
	299,774	247,312

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

	2018 £	2017 £
Morag's Lodges Limited	305,511	207,463
Busabout Operations Limited	163,655	132,261
Insight Travel Services Limited	146,535	142,600
Evan Evans Tours Limited	3,344	-
Atholl Exchange Limited	57,000	57,000
TTC Travel Group Limited	62,559	59,285
Other group companies	110,634	105,672
	849,238	704,281

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

25 Ultimate parent company and parent company of larger group

The company's ultimate parent undertaking is The Travel Corporation Limited, a company incorporated in the British Virgin Islands.

The largest group in which the results of the company are consolidated is that headed by The Travel Corporation Limited, a company incorporated in the British Virgin Islands. The financial statements of this company are not available to the public. The smallest group in which they are consolidated is that headed by Insight Group Limited, a company registered in England and Wales. Copies of the consolidated financial statements of Insight Group Limited are available to the public from the Registrar of Companies.