

**Radical Travel Group Limited**

**Annual report and financial statements**

Registered number SC136334

For the year ended 31 December 2017



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## Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2017.

### 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 £269,464 (2016: £109,315). The directors do not recommend the payment of a dividend (2016: £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

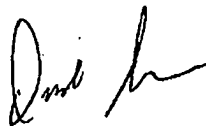
### Disclosure of information to auditor

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

21 June 2018

## **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 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 2017 which comprise the Statement of comprehensive income, Statement of changes in equity, Statement of financial position, Statement of cash flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Directors' report**

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

Our responsibility is to read the 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 1, 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.

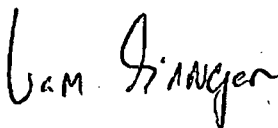
### **Auditor's responsibilities**

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](http://www.frc.org.uk/auditorsresponsibilities).

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

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



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

25<sup>th</sup> June 2018

**Statement of comprehensive income**  
*for the year ended 31 December 2017*

	<i>Note</i>	<b>2017</b> £	<b>2016</b> £
Revenue	2	4,321,259	3,788,073
Cost of sales		(2,620,720)	(2,369,977)
<b>Gross profit</b>		<b>1,700,539</b>	<b>1,418,096</b>
Administrative expenses		(1,324,104)	(1,291,029)
Other operating income	3	1,488	3,172
<b>Operating profit</b>	4	<b>377,923</b>	<b>130,239</b>
Finance income	7	192	1,138
Finance expenses	8	(1,910)	(3,053)
<b>Profit before taxation</b>		<b>376,205</b>	<b>128,324</b>
Taxation	9	(106,741)	(19,009)
<b>Profit for the year</b>		<b>269,464</b>	<b>109,315</b>
<b>Total comprehensive income for the year</b>		<b>269,464</b>	<b>109,315</b>

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 9 to 26 form an integral part of these financial statements.

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

	Share capital £	Retained Earnings £	Total £
Balance at 1 January 2016	15,100	2,044,860	2,059,960
Total comprehensive loss for the year	-	109,315	109,315
Balance at 31 December 2016	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	2,437,739

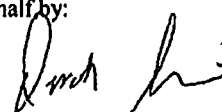
The notes on pages 9 to 26 form an integral part of these financial statements.



**Statement of financial position**  
*as at 31 December 2017*

	<i>Note</i>	<b>2017</b> £	<b>2016</b> £
<b>Non-current assets</b>			
Plant and equipment	10	981,430	1,395,070
Investments	11	256,770	327,712
<b>Total non-current assets</b>		<b>1,238,200</b>	<b>1,722,782</b>
<b>Current assets</b>			
Inventory	13	11,141	11,041
Amounts due from related parties	14	494,701	545,435
Trade and other receivables	15	203,373	151,112
Cash and cash equivalents	16	1,185,276	224,395
<b>Total current assets</b>		<b>1,894,491</b>	<b>931,983</b>
<b>Total assets</b>		<b>3,132,691</b>	<b>2,654,765</b>
<b>Non-current liabilities</b>			
Loans and borrowings	20	22,500	67,500
Deferred tax liabilities	12	74,334	46,434
<b>Total non-current liabilities</b>		<b>96,834</b>	<b>113,934</b>
<b>Current liabilities</b>			
Amounts due to related parties	17	301,701	168,588
Trade and other payables	18	144,507	138,355
Tax payable		94,263	19,613
Loans and borrowings	20	56,647	45,000
<b>Total current liabilities</b>		<b>597,118</b>	<b>371,556</b>
<b>Total liabilities</b>		<b>693,952</b>	<b>485,490</b>
<b>Net assets</b>		<b>2,438,739</b>	<b>2,169,275</b>
<b>Equity</b>			
Share capital	21	15,100	15,100
Retained earnings		2,423,639	2,154,175
<b>Total equity</b>		<b>2,438,739</b>	<b>2,169,275</b>

These financial statements were approved by the board of directors on 21 June 2018 and were signed on its behalf by:

  
**Derek Howie**  
Director

The notes on pages 9 to 26 form an integral part of these financial statements.

**Statement of cash flows**  
*for the year ended 31 December 2017*

	<i>Note</i>	<b>2017</b> £	<b>2016</b> £
<b>Cash flows from operating activities</b>			
Profit for the year		269,464	109,315
Adjustments for:			
Depreciation	10	249,818	224,565
Finance income	7	(192)	(1,138)
Finance expense	8	1,910	3,053
Profit on sale of property, plant and equipment		(2,547)	-
Taxation	9	106,741	19,009
		<hr/> 625,194	<hr/> 354,804
(Increase)/decrease in inventories		(100)	7,125
Decrease/(increase) in trade and other receivables		69,415	(311,059)
Increase/(decrease) in trade and other payables		105,911	(345,424)
		<hr/> 800,420	<hr/> (294,554)
Tax paid		(4,192)	-
<b>Net cash generated from/(used in) operating activities</b>		<hr/> 796,228	<hr/> (294,554)
<b>Cash flows from financing activities</b>			
Interest paid		(1,910)	(3,053)
<b>Net cash used in financing activities</b>		<hr/> (1,910)	<hr/> (3,053)
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		171,000	-
Acquisition of property, plant and equipment	10	(4,629)	(703,229)
Interest received		192	1,138
<b>Net cash generated from/(used in) investing activities</b>		<hr/> 166,563	<hr/> (702,091)
Net increase/(decrease) in cash and cash equivalents		960,881	(999,698)
Cash and cash equivalents at beginning of year	16	224,395	1,224,093
<b>Cash and cash equivalents at end of year</b>	16	<hr/> 1,185,276	<hr/> 224,395

The notes on pages 9 to 26 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.

#### *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.

*Post-retirement benefits*

The company participates in a group defined benefit pension scheme, which was closed to new members on 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 contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from regular cost are spread over the average expected remaining working lives of current members of the scheme.

The pension scheme is a group plan and Radical Travel Group Limited is not the sponsoring entity. Consequently, the scheme is accounted for as defined contribution scheme and obligations for contributions are recognised as an expense in the statement of comprehensive income as incurred.

The company participates in a group defined contribution scheme and the People's Pension auto-enrolment scheme. The assets of the scheme are held separately from those of the company in separate trustee administered funds. The contributions to the scheme are charged to the profit and loss account, on an accruals basis, as they fall due.

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

**1 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 2017 and is not subject to externally imposed capital requirements; management of capital therefore focuses around its ability to generate cash from its operations.

**New standards and interpretations not yet adopted**

The Company has adopted the following standards, amendments and interpretations during the year which have not had a significant impact on the Company's results;

- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS16 and IAS38
- Annual Improvement to IFRSs – 2012-2014 Cycle
- Disclosure Initiative – Amendments to IAS 1

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

**1 Accounting policies (continued)**

*New standards and interpretations not yet adopted (continued)*

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements.

- IFRS 9 Financial Instruments will be applicable for periods beginning after 1 January 2019, it was introduced in 2014 as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. We do not expect this new standard to have a material impact on the financial statements.
- IFRS 15 Revenue from Contracts with Customers is mandatory for financial years commencing on or after 1 January 2018. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard introduces a five-step approach to the timing of revenue recognition based on performance obligations in customer contracts. This new standard applies to all contracts with customers except those that are financial instruments, leases or insurance contracts and will result in increased disclosure requirements. Based on our assessment to date on each revenue stream we do not expect the new standard to have a material impact on the financial statements.
- Our main revenue streams is derived from the operation of tours. To date tour operator revenue has primarily been recognised on date of departure, the new standard requires that revenue is recognised over time resulting in realisation of revenue and cost of sales corresponding to the progression of the tour although we do not expect this to have a material impact. We also expect that there will be a disclosure impact in terms of the number of revenue streams identified in the financial statements.
- IFRS 16 Leases will be applicable after 1 January 2019. This standard will significantly affect the presentation of the Group financial statements with all leases apart from short term leases being recognised as on-balance sheet finance leases with a corresponding liability being the present value of lease payments. The Group will adopt the modified retrospective approach for all eligible leases, whereby the liability will be calculated based on the remaining lease cash flows at the transition date and set the asset and liability equal to that amount. We are currently in the process of collating all lease agreements in place across the Group in order to assess the expected impact of this new standard on both the Statement of Financial Position and the Statement of Comprehensive Income.

**2 Revenue**

The turnover and pre-tax result are wholly attributable to the company's main activities of coach tours and acting as a sales agent.

**3 Other operating income**

Other operating income relates primarily to the rental of spare office space and sale of merchandise.

**4 Expenses and auditor's remuneration**

	2017 £	2016 £
<i>Included in the profit for the year are the following:</i>		
Depreciation of plant and equipment	249,818	224,565
Operating leases – land and buildings	104,588	96,355
	<hr/>	<hr/>
<i>Auditor's remuneration:</i>		
Audit	8,000	7,500
Other services - fees received by the auditors and their associates	746	962
	<hr/>	<hr/>

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

**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	
	2017	2016
Administrative	3	3
Sales	12	13
Drivers	23	24
	<u>38</u>	<u>40</u>

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	938,562	973,678
Social security costs	80,228	101,726
Other pension costs	75,038	80,234
	<u>1,093,828</u>	<u>1,155,638</u>

**6 Directors' Emoluments**

	2017 £	2016 £
Directors' emoluments	124,467	114,627
Company contributions to defined contribution scheme	8,000	8,000
	<u>132,467</u>	<u>122,627</u>

**7 Finance income**

	2017 £	2016 £
Bank interest receivable	192	1,138

**8 Finance expenses**

	2017 £	2016 £
Finance charges	1,910	3,053

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

**9 Taxation**

**Recognised in the income statement**

	2017 £	2016 £
<i>Current tax expense</i>		
Current year	94,263	19,613
Prior year adjustment	(15,422)	(6,745)
	<hr/>	<hr/>
Current tax expense	78,841	12,868
<i>Deferred tax expense</i>		
Origination of timing differences	27,900	6,141
	<hr/>	<hr/>
Deferred tax expense	27,900	6,141
	<hr/>	<hr/>
Total tax in income statement	106,741	19,009
	<hr/>	<hr/>

**Reconciliation of effective tax rate:**

	2017 £	2016 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	376,205	128,324
	<hr/>	<hr/>
<i>Effects of:</i>		
Tax using UK corporation tax rate of 19.25% (2016:20%)	72,419	25,665
Non-deductible expenses	(164)	-
Origination and reversal of temporary differences	-	693
Adjustments to prior year	(15,422)	(6,745)
Fixed asset timing differences	49,908	(604)
	<hr/>	<hr/>
Total tax in income statement	106,741	19,009
	<hr/>	<hr/>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2017 has been calculated based on these rates.



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

**10 Plant and equipment**

	Leasehold Property £	Computer Equipment £	Fixtures & fittings £	Motor Vehicles £	Total £
<i>Cost</i>					
Balance at 31 December 2016	25,000	102,122	208,014	1,655,060	1,990,196
Additions	-	4,317	312	-	4,629
Disposals	-	-	-	(418,700)	(418,700)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	25,000	106,439	208,326	1,236,360	1,576,125
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
Balance at 31 December 2016	25,000	68,914	89,258	411,954	595,126
Depreciation charge for the year	-	25,241	31,133	193,444	249,818
Disposals	-	-	-	(250,249)	(250,249)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	25,000	94,155	120,391	355,149	594,695
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 2016	-	33,208	118,756	1,243,106	1,395,070
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	-	12,284	87,935	881,211	981,430
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

**11 Investments**

	2017 £	2016 £
<b>Share capital</b>		
Morag's Lodges Limited	2	2
Shamrock Adventures Limited	8	8
	<u>10</u>	<u>10</u>
<b>Loans with related parties</b>		
Morag's Lodges Limited	256,760	327,702
	<u>256,770</u>	<u>327,712</u>

The Company has the following investments in subsidiaries:

Company	Country of incorporation	Class of shares held	Ownership	
			2017 %	2016 %
Morag's Lodges Limited	United Kingdom	Ordinary	100	100
Shamrock 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 Shamrock Adventures Limited is 6<sup>th</sup> Floor, South Bank House, Barrow Street, Dublin 4.

**12 Deferred tax liabilities**

*Recognised deferred tax liabilities*

Deferred tax liabilities are attributable to the following:

	2017 £	2016 £
Plant and equipment	74,334	46,434

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:*

	2017 £	2016 £
At 1 January	46,434	40,293
Recognised in income statement	27,900	6,141
At 31 December	<u>74,334</u>	<u>46,434</u>

**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:

	2017 £	2016 £
Shamrock Adventures Limited	148,960	330,203
Busabout Operations Limited	147,582	166,417
Contiki Holidays (Aus) Pty Limited	195,029	46,556
Contiki Holidays (NZ) Limited	2,200	771
Travcorp SA Limited	51	813
Contiki Holidays (Canada) Limited	775	475
Evan Evans Tours Limited	104	200
	<u>494,701</u>	<u>545,435</u>

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**

	2017 £	2016 £
Trade receivables	19,741	19,502
Other receivables	92,707	6,241
Prepayments	89,122	73,821
VAT	1,803	51,548
	<u>203,373</u>	<u>151,112</u>

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

**16 Cash and cash equivalents**

	2017 £	2016 £
Cash and cash equivalents per balance sheet	<u>1,185,276</u>	<u>224,395</u>

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:

	2017 £	2016 £
Insight Travel Services Limited	254,776	149,383
Travcorp Management Services Limited	18,494	5,798
TTC Travel Group Limited	28,431	13,407
	<hr/>	<hr/>
	301,701	168,588
	<hr/>	<hr/>

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

**18 Trade and other payables**

	2017 £	2016 £
Trade payables	33,535	16,031
Other payables	7,195	2,245
PAYE and social security	23,005	31,324
Accruals and deferred income	80,772	88,755
	<hr/>	<hr/>
	144,507	138,355
	<hr/>	<hr/>

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.

During the year ended 31 December 2017 £59,407 was charged against profits in respect of the defined benefit scheme (2016: £68,592) and £20,806 was charged against profits in respect of the defined contribution scheme (2016: £39,230).

Plan assets consist of the following:

	2017 £000	2016 £000
Present value of funded defined benefit obligations	44,689	44,327
Fair value of plan assets	(27,331)	(25,295)
Net liability	17,358	19,032

*Movement in the present value of the defined benefit obligation:*

	2017 £000	2016 £000
Liability for defined benefit obligations at 1 January	44,327	34,802
Interest cost	1,140	1,279
Benefits paid by the plan	(964)	(489)
Actuarial (losses)/gains recognised in equity	186	8,735
Liability for defined benefit obligations at 31 December	44,689	44,327

*Movement in fair value of plan assets:*

	2017 £000	2016 £000
Fair value of plan assets at 1 January	25,295	21,420
Interest cost	656	799
Employer contributions	834	820
Benefits paid by the plan	(964)	(489)
Actuarial (losses)/gains recognised in equity	1,510	2,745
Fair value of plan assets at 31 December	27,331	25,295

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.

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

**19 Pension scheme (continued)**

*Expense recognised in statement of comprehensive income*

	2017 £000	2016 £000
Current service costs	484	480
	<u>484</u>	<u>480</u>

*Plan assets consist of the following:*

	2017 £000	2016 £000
Equity securities	16,220	10,970
Bonds	8,348	10,331
Other	2,130	3,438
Cash	633	556
	<u>27,331</u>	<u>25,295</u>

	2017 £000	2016 £000
Actual return on plan assets	<u>2,166</u>	<u>3,544</u>

*Actuarial assumptions:*

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

	2017 %	2016 %
Discount rate at 31 December	2.4	2.6
Future salary increases	3.1	3.3
Future pension increases on benefits accrued from 1997 to 2008	3.8	3.8
Future pension increases on benefits accrued post 2008	3.3	3.3
Rate of increase on deferred pensions	2.1	2.3
Retail Price Inflation - pre-retirement	3.1	3.3
Retail Price Inflation - post-retirement	3.5	3.6
Consumer Price Inflation - pre-retirement	2.1	2.3

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

**19 Pension scheme (continued)**

*History of plans*

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

	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000
Present value of the defined benefit obligation	(44,689)	(44,327)	(34,802)	(36,797)	(30,474)
Fair value of plan assets	27,331	25,295	21,420	21,248	20,100
Deficit in the plan	(17,358)	(19,032)	(13,382)	(15,549)	(10,374)
Experience adjustments on plan liabilities	2.5%	0.4%	1.0%	(0.30)%	(0.30)%
Experience adjustments on plan assets	5.5%	10.9%	(1.3)%	0.4%	8.6%

**20 Loans and borrowings**

**Non-current liabilities**

	2017 £	2016 £
Related Party – Travcorp Financial Services Limited	22,500	67,500

**Current liabilities**

Related Party – Travcorp Financial Services Limited	56,647	45,000
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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**

	2017		2016	
	No	£	No	£
<i>Allotted, called up and fully paid</i>				
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:

- to finance its operations;
- to manage its exposure to interest risk from its operations and from its sources of finance; and
- 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:

	2017 £	2016 £
Amounts due from related parties	494,701	545,435
Trade receivables	19,741	19,502
Cash and cash equivalents	1,185,276	224,395
	<u>1,699,718</u>	<u>789,332</u>



**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 £13,208 of the total trade receivables balance, and the largest individual balance was £7,428.

*Receivables by age and impairment losses*

	Gross 2017 £	Impairment 2017 £	Gross 2016 £	Impairment 2016 £
Not past due	19,741	-	19,502	-
	<u>19,741</u>	<u>-</u>	<u>19,502</u>	<u>-</u>

**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 £33,535 (2016: £16,031) are payable within 6 months or less of the year end.

Amounts due to related parties of £301,701 (2016: £168,588) 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
<b>31 December 2017</b>							
Loan from related Party	380,848	382,025	336,461	22,897	22,667	-	-
	<u>380,848</u>	<u>382,025</u>	<u>336,461</u>	<u>22,897</u>	<u>22,667</u>	<u>-</u>	<u>-</u>
<b>31 December 2016</b>							
Loan from related Party	281,088	281,088	191,088	22,500	45,000	22,500	-
	<u>281,088</u>	<u>281,088</u>	<u>191,088</u>	<u>22,500</u>	<u>45,000</u>	<u>22,500</u>	<u>-</u>

**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 £2,244 based on company cash, cash equivalents and financial instruments at 31 December 2017.

**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:

	2017					2016				
	NZ	AUD	Rand	Euro	CAD	NZ	AUD	Rand	Euro	CAD
Amounts due from related parties	2,200	195,029	51	148,960	775	771	46,556	813	330,203	475
Amounts due to related parties	-	-	-	-	-	-	-	-	-	-
Gross balance sheet exposure	2,200	195,029	51	148,960	775	771	46,556	813	330,203	475

The following significant exchange rates applied during the year:

	Average rate	2016	Reporting date spot rate	
	2017		2017	2016
AUD	1.6801	1.8253	1.7279	1.7065
Euro	1.1420	1.2245	1.1253	1.1715
NZ	1.8118	1.9497	1.9028	1.7720

**Sensitivity analysis**

A 10% strengthening of the pound against the following currencies at 31 December 2017 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 2016.

	2017	2016
	£	£
AUD	(19,503)	(4,656)
Rand	(5)	(81)
NZ	(220)	(77)
Euro	(14,896)	(33,020)
CAD	(78)	(48)

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

**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:

	2017 £	2016 £
Within one year	92,587	98,470
Between two and five years	115,469	192,833
More than five years	110,399	110,399
	<u>318,455</u>	<u>401,702</u>

During the year £104,588 was recognised as an expense in the income statement in respect of operating leases for land and buildings (2016: £96,355).

**24 Related party transactions**

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

	2017 £	2016 £
Morag's Lodges Limited	61,985	64,699
Shamrock Adventures Limited	87,556	63,901
Busabout Operations Limited	55,656	78,398
Travcorp Management Services Limited	42,115	40,556
	<u>247,312</u>	<u>247,554</u>

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

	2017 £	2016 £
Morag's Lodges Limited	207,463	220,374
Busabout Operations Limited	132,261	107,045
Insight Travel Services Limited	142,600	40,612
Evan Evans Tours Limited	-	13,956
Atholl Exchange Limited	57,000	54,896
TTC Travel Group Limited	59,285	51,473
Other group companies	105,672	82,244
	<u>704,281</u>	<u>570,600</u>

**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.