

Kennedy Travel (Yorkshire) Limited
Financial statements
31 December 2011

HARRISACCOUNTS LLP
Chartered Accountants & Statutory Auditor
Marland House
13 Huddersfield Road
Barnsley
South Yorkshire
S70 2LW

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Kennedy Travel (Yorkshire) Limited

Financial statements

Year ended 31 December 2011

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Kennedy Travel (Yorkshire) Limited

Officers and professional advisers

The board of directors	S P Roberts R M Briggs
Company secretary	S P Roberts
Registered office	The Kennedy Building Victoria Road Leeds LS11 5AF
Auditor	Harrisaccounts LLP Chartered Accountants & Statutory Auditor Marland House 13 Huddersfield Road Barnsley South Yorkshire S70 2LW

Kennedy Travel (Yorkshire) Limited

The directors' report

Year ended 31 December 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2011

Principal activities and business review

The principal activity of the company is that of tour operator and travel agents

The directors aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year-end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face

The company showed an improved performance during the year with an increase in turnover of 6.1%. After administrative expenses, other operating income and interest, profit before tax for the year was £567,517 (2010: £522,551). The profit for the year after tax amounted to £417,675 (2010: £363,776).

As for many businesses of our size, the business environment in which we are operating remains challenging. The tour operator and travel agents market in the UK is competitive and margins continue to be tight. We are also subject to consumer spending patterns, consumers' overall level of disposable income within the economy and the impact of exchange rate movements.

With these risks and uncertainties in mind, we are aware that any plans for future development of the business may be subject to unforeseen future events outside of our control.

Results and dividends

The profit for the year, after taxation, amounted to £417,675. Particulars of dividends paid are detailed in note 8 to the financial statements.

Kennedy Travel (Yorkshire) Limited

The directors' report *(continued)*

Year ended 31 December 2011

Financial risk management objectives and policies

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

The board of directors is responsible for monitoring financial risks and for deciding where it would be appropriate to use financial instruments to manage this risk.

Exchange rate risk

As the company transacts substantially in US dollars, it is exposed to exchange rate risk, which it manages by keeping under review the need for forward contracts to purchase dollars.

Interest rate cashflow risk

The company has interest bearing assets, comprising cash and bank balances which earn interest at variable rates, and interest bearing liabilities, comprising bank overdraft on which interest is paid at variable rates. The board of directors regularly review the mix of cash, overdraft and debt to manage interest rate risk.

Liquidity risk

The company actively maintains cash, bank and overdraft balances to ensure the company has sufficient funds for operations and any planned expansion.

Price risk

The company has no exposure to equity securities price risk as it holds no listed or equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Directors

The directors who served the company during the year were as follows:

S P Roberts
R M Briggs

Directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,

Kennedy Travel (Yorkshire) Limited

The directors' report *(continued)*

Year ended 31 December 2011

- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Harrisaccounts LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed by order of the directors



S P Roberts
Company Secretary

Approved by the directors on 22 May 2012

Kennedy Travel (Yorkshire) Limited

Independent auditor's report to the shareholders of Kennedy Travel (Yorkshire) Limited

Year ended 31 December 2011

We have audited the financial statements of Kennedy Travel (Yorkshire) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Kennedy Travel (Yorkshire) Limited

Independent auditor's report to the shareholders of Kennedy Travel (Yorkshire) Limited *(continued)*

Year ended 31 December 2011

Matters on which we are required to report by exception

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

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

Harrisaccounts LLP

PAUL HINCHLIFFE BA FCA (Senior Statutory Auditor)

For and on behalf of

HARRISACCOUNTS LLP

Chartered Accountants & Statutory Auditor

Marland House
13 Huddersfield Road
Barnsley
South Yorkshire
S70 2LW

12 June 2012

Kennedy Travel (Yorkshire) Limited

Profit and loss account

Year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	22,984,279	21,664,137
Cost of sales		(19,399,226)	(18,349,394)
Gross profit		<u>3,585,053</u>	<u>3,314,743</u>
Distribution costs		(414,859)	(337,696)
Administrative expenses		(2,620,883)	(2,501,245)
Other operating income	3	–	26,000
Operating profit	4	<u>549,311</u>	<u>501,802</u>
Interest receivable		18,206	20,749
Profit on ordinary activities before taxation		<u>567,517</u>	<u>522,551</u>
Tax on profit on ordinary activities	7	(149,842)	(158,775)
Profit for the financial year		<u><u>417,675</u></u>	<u><u>363,776</u></u>

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 19 form part of these financial statements.

Kennedy Travel (Yorkshire) Limited

Balance sheet

31 December 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Intangible assets	9		135,695		155,079
Tangible assets	10		<u>1,161,114</u>		<u>1,209,160</u>
			<u>1,296,809</u>		<u>1,364,239</u>
Current assets					
Debtors	11	1,016,626		878,919	
Cash at bank and in hand		<u>2,029,036</u>		<u>2,174,119</u>	
		3,045,662		3,053,038	
Creditors: Amounts falling due within one year	12	<u>(2,592,312)</u>		<u>(2,493,342)</u>	
Net current assets			453,350		559,696
Total assets less current liabilities			<u>1,750,159</u>		<u>1,923,935</u>
Provisions for liabilities					
Deferred taxation	13		(33,045)		(37,598)
			<u>1,717,114</u>		<u>1,886,337</u>
Capital and reserves					
Called-up equity share capital	17		100,000		75,000
Profit and loss account	18		<u>1,617,114</u>		<u>1,811,337</u>
Shareholders' funds	19		<u>1,717,114</u>		<u>1,886,337</u>

These financial statements were approved by the directors and authorised for issue on 22 May 2012, and are signed on their behalf by

R M Briggs
Director



Company Registration Number 01325708

The notes on pages 10 to 19 form part of these financial statements.

Kennedy Travel (Yorkshire) Limited

Cash flow statement

Year ended 31 December 2011

	Note	£	2011 £	£	2010 £
Net cash inflow from operating activities	20		415,332		681,004
Returns on investments and servicing of finance	20		18,206		20,749
Taxation	20		(153,031)		(50,899)
Capital expenditure and financial investment	20		(15,374)		(32,167)
Equity dividends paid			(586,898)		(600,000)
(Decrease)/increase in cash	20		<u>(321,765)</u>		<u>18,687</u>

The notes on pages 10 to 19 form part of these financial statements

Kennedy Travel (Yorkshire) Limited

Notes to the financial statements

Year ended 31 December 2011

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention

The financial statements also comply with the financial reporting standards of the Accounting Standards Board

(b) Turnover

Turnover represents the aggregate amount of revenue from inclusive tours, travel agency commission and other services supplied to the customers in the ordinary course of business. Revenue relating to inclusive tours arranged by the company is recognised on the date of departure and related costs are charged to the profit and loss account on the same basis. Revenue relating to travel agency commission on third party leisure travel products is recognised when earned, which is on receipt of the full payment from the customer.

(c) Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill - Straight line over 20 years

(d) Fixed assets

All fixed assets are initially recorded at cost

(e) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	- Straight line over 50 years
Leasehold Property	- Straight line over the life of the lease
Fixtures & Fittings	- 15% per annum on reducing balance
Motor Vehicles	- 25% per annum on reducing balance

(f) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

(g) Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Kennedy Travel (Yorkshire) Limited

Notes to the financial statements

Year ended 31 December 2011

1. Accounting policies *(continued)*

(h) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

(i) Foreign currencies

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 retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below

	2011 £	2010 £
United Kingdom	<u>22,984,279</u>	<u>21,664,137</u>

3. Other operating income

	2011 £	2010 £
Sundry income	<u>—</u>	<u>26,000</u>

Kennedy Travel (Yorkshire) Limited

Notes to the financial statements

Year ended 31 December 2011

4. Operating profit

Operating profit is stated after charging/(crediting)

	2011 £	2010 £
Amortisation of intangible assets	19,384	19,384
Depreciation of owned fixed assets	63,555	70,309
Profit on disposal of fixed assets	(135)	--
Operating lease costs		
- Other	258,525	252,220
Auditor's remuneration - audit of the financial statements	17,000	17,000
Auditor's remuneration - other fees	<u>8,553</u>	<u>3,815</u>
	2011 £	2010 £
Auditor's remuneration - audit of the financial statements	<u>17,000</u>	<u>17,000</u>
Auditor's remuneration - other fees		
- Taxation services	1,000	1,000
- Other	<u>7,553</u>	<u>2,815</u>
	<u>8,553</u>	<u>3,815</u>

5. Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2011 No	2010 No
Administration staff	<u>63</u>	<u>64</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	1,495,986	1,623,068
Social security costs	165,453	164,697
Other pension costs	346,153	60,000
	<u>2,007,592</u>	<u>1,847,765</u>

Kennedy Travel (Yorkshire) Limited

Notes to the financial statements

Year ended 31 December 2011

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Remuneration receivable	106,932	219,220
Value of company pension contributions to money purchase schemes	200,000	40,000
	<u>306,932</u>	<u>259,220</u>

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

	2011 No	2010 No
Money purchase schemes	<u>2</u>	<u>2</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year	154,445	153,081
Over/under provision in prior year	(50)	-
Total current tax	<u>154,395</u>	<u>153,081</u>
Deferred tax		
Origination and reversal of timing differences (note 13)		
Capital allowances	(4,553)	5,694
Tax on profit on ordinary activities	<u>149,842</u>	<u>158,775</u>

Kennedy Travel (Yorkshire) Limited

Notes to the financial statements

Year ended 31 December 2011

7. Taxation on ordinary activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 26% (2010 - 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>567,517</u>	<u>522,551</u>
Profit on ordinary activities by rate of tax	147,554	146,314
Expenses not deductible for tax purposes	323	7,110
Depreciation for period in excess of capital allowances	16,962	15,358
Tax chargeable at higher rates	3,080	-
Marginal rate relief	<u>(13,524)</u>	<u>(15,701)</u>
Total current tax (note 7(a))	<u>154,395</u>	<u>153,081</u>

8. Dividends

Equity dividends

	2011 £	2010 £
Paid during the year		
Dividends on equity shares	<u>586,898</u>	<u>600,000</u>

9. Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2011 and 31 December 2011	<u>387,686</u>
Amortisation	
At 1 January 2011	232,607
Charge for the year	<u>19,384</u>
At 31 December 2011	<u>251,991</u>
Net book value	
At 31 December 2011	<u>135,695</u>
At 31 December 2010	<u>155,079</u>

Kennedy Travel (Yorkshire) Limited

Notes to the financial statements

Year ended 31 December 2011

10. Tangible fixed assets

	Freehold Property £	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost					
At 1 January 2011	1,284,496	87,643	1,178,065	34,080	2,584,284
Additions	2,605	12,493	411	–	15,509
At 31 December 2011	1,287,101	100,136	1,178,476	34,080	2,599,793
Depreciation					
At 1 January 2011	308,280	54,515	978,570	33,759	1,375,124
Charge for the year	25,742	7,644	30,062	107	63,555
At 31 December 2011	334,022	62,159	1,008,632	33,866	1,438,679
Net book value					
At 31 December 2011	953,079	37,977	169,844	214	1,161,114
At 31 December 2010	976,216	33,128	199,495	321	1,209,160

11. Debtors

	2011 £	2010 £
Trade debtors	550,319	427,190
VAT recoverable	74,619	65,839
Other debtors	37,598	72,743
Directors current accounts	–	872
Prepayments and accrued income	354,090	312,275
	1,016,626	878,919

12. Creditors: Amounts falling due within one year

	2011 £	2010 £
Overdrafts	296,286	119,604
Trade creditors	1,939,194	2,087,280
Taxation and social security	187,973	201,213
Directors current accounts	–	2,233
Accruals and deferred income	168,859	83,012
	2,592,312	2,493,342

Kennedy Travel (Yorkshire) Limited

Notes to the financial statements

Year ended 31 December 2011

13. Deferred taxation

The movement in the deferred taxation provision during the year was

	2011 £	2010 £
Provision brought forward	37,598	31,904
Profit and loss account movement arising during the year	(4,553)	5,694
Provision carried forward	<u>33,045</u>	<u>37,598</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2011 £	2010 £
Excess of taxation allowances over depreciation on fixed assets	33,045	37,598
	<u>33,045</u>	<u>37,598</u>

14. Commitments under operating leases

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 2 to 5 years	93,650	19,694	93,650	-
After more than 5 years	160,000	-	156,250	-
	<u>253,650</u>	<u>19,694</u>	<u>249,900</u>	<u>-</u>

15. Transactions with the directors

The following director had an interest free loan during the year The movement on this loan is as follows

	2011 £	2010 £	Maximum In Year £
S P Roberts	-	872	872

Kennedy Travel (Yorkshire) Limited

Notes to the financial statements

Year ended 31 December 2011

16. Related party transactions

The company is under the control of C Button

The directors consider the following to be related party transactions

The directors of the company received dividends of £345,292 (2010 £360,000) during the period,

C Button, who controls the company, received dividends of £211,606 (2010 £240,000) during the period,

Kennedy Leasing Limited, a company in which R M Briggs is a shareholder and C Button is a director, at the balance sheet date owed £10,351 (2010 £41,983) to Kennedy Travel (Yorkshire) Limited. During the year, on normal commercial terms and on an arms length basis, Kennedy Travel (Yorkshire) Limited undertook the following transactions

	2011	2010
	£	£
Purchases	31,914	22,598

17. Share capital

Allotted and called up:

	2011		2010	
	No	£	No	£
- Ordinary shares (2010 - 75,000) - Nil paid (2010 - £1 paid) of £1 each	-	-	75,000	75,000
74,000 Ordinary A shares fully paid of £1 each	74,000	74,000	-	-
10,000 Ordinary B shares fully paid of £1 each	10,000	10,000	-	-
10,000 Ordinary C shares fully paid of £1 each	10,000	10,000	-	-
6,000 Ordinary D shares fully paid of £1 each	6,000	6,000	-	-
	<u>100,000</u>	<u>100,000</u>	<u>75,000</u>	<u>75,000</u>

During the year the 75,000 ordinary £1 shares brought forward were re-designated as 55,500 ordinary £1 A shares, 7,500 ordinary £1 B shares, 7,500 ordinary £1 C shares and 4,500 ordinary £1 D shares. There was also a bonus issue of 18,500 ordinary £1 A shares, 2,500 ordinary £1 B shares, 2,500 ordinary £1 C shares and 1,500 ordinary £1 D shares.

Kennedy Travel (Yorkshire) Limited

Notes to the financial statements

Year ended 31 December 2011

18. Reserves

	Profit and loss account £
Balance brought forward	1,811,337
Profit for the year	417,675
Equity dividends	(586,898)
Bonus shares	(25,000)
Balance carried forward	<u>1,617,114</u>

19. Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	417,675	363,776
Bonus shares	25,000	—
Equity dividends	(586,898)	(600,000)
Bonus issue	(25,000)	—
Net reduction to shareholders' funds	(169,223)	(236,224)
Opening shareholders' funds	<u>1,886,337</u>	<u>2,122,561</u>
Closing shareholders' funds	<u>1,717,114</u>	<u>1,886,337</u>

20. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	549,311	501,802
Amortisation	19,384	19,384
Depreciation	63,555	70,309
Profit on disposal of fixed assets	(135)	—
(Increase)/decrease in debtors	(137,707)	180,658
Decrease in creditors	(79,076)	(91,149)
Net cash inflow from operating activities	<u>415,332</u>	<u>681,004</u>

Returns on investments and servicing of finance

	2011 £	2010 £
Interest received	<u>18,206</u>	<u>20,749</u>
Net cash inflow from returns on investments and servicing of finance	<u>18,206</u>	<u>20,749</u>

Kennedy Travel (Yorkshire) Limited

Notes to the financial statements

Year ended 31 December 2011

20. Notes to the cash flow statement *(continued)*

Taxation

	2011 £	2010 £
Taxation	<u>(153,031)</u>	<u>(50,899)</u>

Capital expenditure

	2011 £	2010 £
Payments to acquire tangible fixed assets	(15,509)	(32,167)
Receipts from sale of fixed assets	135	—
Net cash outflow from capital expenditure	<u>(15,374)</u>	<u>(32,167)</u>

Reconciliation of net cash flow to movement in net funds

	2011 £	2010 £
(Decrease)/Increase in cash in the period	<u>(321,765)</u>	<u>18,687</u>
Movement in net funds in the period	<u>(321,765)</u>	<u>18,687</u>
Net funds at 1 January 2011	<u>2,054,515</u>	<u>2,035,828</u>
Net funds at 31 December 2011	<u>1,732,750</u>	<u>2,054,515</u>

Analysis of changes in net funds

	At 1 Jan 2011 £	Cash flows £	At 31 Dec 2011 £
Net cash			
Cash in hand and at bank	2,174,119	(145,083)	2,029,036
Overdrafts	<u>(119,604)</u>	<u>(176,682)</u>	<u>(296,286)</u>
Net funds	<u>2,054,515</u>	<u>(321,765)</u>	<u>1,732,750</u>