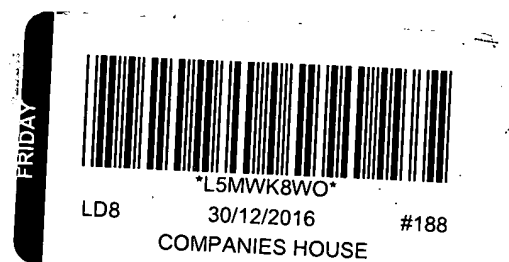


Company Registration No. 01512421 (England and Wales)

CLASSIC COLLECTION HOLIDAYS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016



CLASSIC COLLECTION HOLIDAYS LIMITED

COMPANY INFORMATION

Directors Mr N H P Munday
Mr T D S Charlwood
Mr J V Fleming
Mr P E W Munday
Mr A K Thomson
Mr M de S Brackenbury
Mr M D Rice

Secretary Mr T D S Charlwood

Company number 01512421

Registered office Saxon House
Little High Street
Worthing
West Sussex
BN11 1DH

Auditor Carpenter Box
Amelia House
Crescent Road
Worthing
West Sussex
BN11 1QR

Business address Saxon House
Little High Street
Worthing
West Sussex
BN11 1DH

CLASSIC COLLECTION HOLIDAYS LIMITED

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CLASSIC COLLECTION HOLIDAYS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present the strategic report and financial statements for the year ended 31 October 2016.

Review of the business

Turnover for 2015/16 is down 4.9% to £59,929,175 (2014/15: up 1.9% to £63,044,029). Gross profit for the year was broadly maintained at 13.6% (2014/15: 13.7%). The net profit before tax percentage of 4.3% on turnover (2014/15: 5.1%). Profit before tax is £2,597,404 (2014/15: £3,224,760), and net assets of £9,710,846 (2014/15: £8,409,423) underline a strong financial position well in excess of requirements imposed by the various licensing bodies.

Classic's turnover in 2015/16 decreased due to reduced demand pre-referendum (June 2016) and lack of bed stock availability in Western Europe, especially in Spain and Portugal during August 2016. Conversely, based on year on year sales, forward business for 2016/17 is well ahead of the previous year and in a remarkably good position despite a weak pound and the effect this has on increased holiday prices. Our offline fulfilment strategy and long standing relationships with hotelier suppliers, stand us in good stead for access to bed stock in times of heightened demand; this is important as the trend for perceived 'safe' destinations, specifically in Western Europe, is set to continue.

Risks include challenges posed by political unrest and real and perceived terrorism threats in holiday destinations, plus possible future uncertainties relating to Brexit. These risks and uncertainties can often work in the company's favour as customers opt to book with inclusive tour operators like Classic instead of booking their holiday arrangements themselves. Additionally, high spending travellers appreciate the 100% financial protection afforded by companies such as Classic Collection Holidays that are fully bonded through the UK backed Government schemes of ABTA and ATOL.

Classic Collection Holidays operates luxury holidays to established Mediterranean, European and North African sunshine destinations, plus further afield, Bermuda, Barbados, Dubai and, new for 2016, the Caribbean island of Antigua.

Holidays are promoted in 18 brochures including general Summer and Winter titles, 10 year-round destination brochures featuring Madeira, Mallorca, Italy, Canary Islands, Greece & Cyprus, Morocco, Croatia, Portugal, Bermuda, and Barbados & Antigua, two Indulgence Summer and Winter titles showcasing Classic's most luxurious hotels, a Family brochure, a title showcasing a range of more than 20 cities already featured by Classic elsewhere, plus Amsterdam and Paris.

New for 2017, Classic has produced a Lakes and Mountains brochure featuring Austria and Switzerland in addition to already successful programmes to the Italian Lake District and the Slovenian lakes of Bled and Bohinj. A year-round euro brochure, promoting holidays departing from the Republic of Ireland, will be launched in January 2017.

In addition to excellent value for money, luxury travellers demand a wide choice of destination, flexibility of departure point, and holiday duration, and Classic also provides an extensive choice of room types in properties ranging from good value four star hotels to five star deluxe. Dynamically-priced holidays are delivered by tough contracting procedures and enhanced by a continuous stream of special offers negotiated with hotel partners. As Classic purchases air seats and hotel beds at the time at which customers confirm their bookings, financial commitment is minimised. For 2017, additional complexity of product including two and multi centre holidays, fly drive, self-drive and rail holidays, plus an additional emphasis on excursions and add-ons such as theatre and opera tickets, ensures that Classic continues to excel in all aspects of customer service ensuring that it outperforms online and offline competitors.

The long term sustainability of the company is based on delighted customers travelling again and again, recommending the company and reporting back favourably to travel agents. The take up of Classic loyalty rewards is more than 30% and customer delight rates highly on questionnaires with approximately 98% confirming that they will return on holiday with Classic and are pleased to recommend the company to friends and family.

CLASSIC COLLECTION HOLIDAYS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

Although there is real and perceived decline on the high street, new UK travel agencies and homeworking agents continue to start trading thus allowing Classic to distribute via approximately 3,000 outlets. The brand increases in popularity year by year and directors, managers and staff are delighted to have received numerous top accolades and awards in 2016 from consortia, trade publications and industry associations including AITO, SPAA and Northern Ireland Travel Awards.

A 'soft' launch in the Republic of Ireland during 2016 resulted in a Best Newcomer Award from ITTN and, with a dedicated year round brochure and new website, the company has ambitious plans for future growth.

Classic's public brand is enhanced by continued emphasis on exemplary service overseas, local and national public relations, and a substantial online presence with increased investment in digital marketing and social channels planned for 2017.

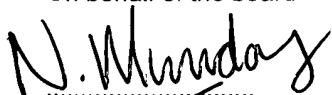
Management and staff turnover is minimal and Saxon House in central Worthing provides an excellent office environment for Classic's 120+ employees. In 2009, the freehold was purchased with Classic's capital at an extremely favourable price which has proved to be a great investment in quality bricks and mortar as successive revaluations show its worth to be considerably higher than the original purchase price. Together with the rental received from the tenants on the top floor, this continues to ensure that a low infrastructure overhead is maintained and helps stand the company in good stead for future expansion.

Classic Collection Holidays recognises the weight of environmental issues surrounding the travel industry and for the year 2015/16, in order to offset the carbon emissions associated with staff travel, the company contributed £1,155 to the industry's leading environmental charity, The Travel Foundation, to pay towards a recognised sustainability project.

Of the three wholly owned subsidiaries: Classic Collection Aviation Limited carried out the transport broking business of the Group, Saxon House Properties Limited owns the freehold of the company's central Worthing premises, whilst Classic Collection Holidays, Travel and Leisure Limited, remained dormant throughout the year.

The directors acknowledge and appreciate the management team and staff for their passionate, professional and tireless support of, and loyalty to, Classic Collection Holidays.

On behalf of the board



Mr N H P Munday

Director

21/12/16

CLASSIC COLLECTION HOLIDAYS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present their annual report and financial statements for the year ended 31 October 2016.

Principal activities

The principal activity of the company and group continued to be that of an outbound tour operator.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr N H P Munday
Mr T D S Charlwood
Mr J V Fleming
Mr P E W Munday
Mr A K Thomson
Mr M de S Brackenbury
Mr M D Rice

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £2,500,000. The directors do not recommend payment of a further dividend.

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 October 2016	31 October 2015
Mr N H P Munday	600,000	600,000
Mr T D S Charlwood	-	-
Mr J V Fleming	200,000	200,000
Mr P E W Munday	100,000	100,000
Mr A K Thomson	100,000	100,000
Mr M de S Brackenbury	50,000	50,000
Mr M D Rice	10,000	10,000

Corporate social responsibility

Classic believes in the importance of its own social performance and, within its business model, it operates a sustainable and responsible business ensuring active compliance within the spirit of the law encouraging a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and other relevant members within the public arena. Classic, during 2015/16, paid approximately £1,200,000 in customers' Air Passenger Duty and employees' PAYE, plus £2,000,000 in direct taxation pertaining to Corporation Tax, Employers' National Insurance and Tour Operators' Margin Scheme (TOMS) VAT. Unlike many companies wishing to register off shore in order to benefit from tax exemptions and legal exclusions, Classic's directors, managers and employees wish to maintain a successful, efficient and moral business within the UK.

Primary risk management

The executive directors and management team continuously assess, manage, and, wherever possible, mitigate, the primary risks to the company's business. With regards to foreign exchange exposure, we purchase currency on a regular basis to cover customers' holiday costs at the time of booking and, additionally, the company has a rolling currency hedging policy which helps to ensure our competitiveness. Customer and travel agent credit risks are offset by insurances and ABTA membership arrangements, and diversification means that we have no over-reliance on any major customer or supplier. Our IT resilience is enhanced by off-site disaster recovery provision. Continuous hotel health and safety assessments and adequate insurance mitigate the company's exposure to potential holiday claims.

CLASSIC COLLECTION HOLIDAYS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

Market value of land and buildings

The directors agree with the recent professional valuation which has been used in the preparation of the company's accounts.

Future developments

Customers need to justify expenditure, demanding excellent value for money; they are adept at price comparisons and, as they search for the best deals, our reservation team experience high call volumes and long call durations. Additionally, ambitious competition puts pressure on Classic's gross margins and the increasing complexity of the booking process, together with underlying inflationary effects, could have a detrimental effect on the company's overhead. In a world of commoditisation and transparency of travel products and prices, an attractive customer proposition is paramount and, in order to fulfil and exceed customer expectations, continued development of Classic's computer system enables additional purchasing and pricing flexibility together with an enhanced fulfilment process.

A slow but steady growth in the UK economy ensures an increasing base of customers who are able and willing to enjoy a high value holiday and Classic is cautiously optimistic about sales anticipating turnover growth between 10% and 15% for 2017. Continuing to take advantage of every opportunity to grow the business profitably, the directors remain positive about the medium term prospects for the luxury travel sector, ensuring that Classic Collection Holidays is well financed and keenly structured.

Auditor

In accordance with the company's articles, a resolution proposing that Carpenter Box be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CLASSIC COLLECTION HOLIDAYS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



Mr N H P Munday

Director

21/12/16

CLASSIC COLLECTION HOLIDAYS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLASSIC COLLECTION HOLIDAYS LIMITED

We have audited the financial statements of Classic Collection Holidays Limited for the year ended 31 October 2016 which comprise the Group Statement of Comprehensive Income, the Group Statement Of Financial Position, the Company Statement Of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 October 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements; and
- in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report and the Directors' Report.

CLASSIC COLLECTION HOLIDAYS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CLASSIC COLLECTION HOLIDAYS LIMITED

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

Carpenter Box

Eileen Houghton ACA (Senior Statutory Auditor)
for and on behalf of Carpenter Box
Chartered Accountants
Statutory Auditor
Worthing

21/12/2016

CLASSIC COLLECTION HOLIDAYS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	2016 £	2015 £
Revenue	3	59,929,175	63,044,029
Cost of sales		(51,784,378)	(54,393,545)
Gross profit		8,144,797	8,650,484
Administrative expenses		(5,570,204)	(5,446,244)
Operating profit	4	2,574,593	3,204,240
Investment income	8	22,811	20,520
Profit before taxation		2,597,404	3,224,760
Taxation	9	(436,870)	(609,084)
Profit for the financial year		2,160,534	2,615,676
Other comprehensive income			
Revaluation of property, plant and equipment		220,000	165,000
Cash flow hedges gain/(loss) arising in the year		1,476,874	(299,237)
Prior year's cash flow hedges released to profit or loss		299,237	462,116
Deferred tax relating to components of other comprehensive income		(355,222)	(32,576)
Total comprehensive income for the year		3,801,423	2,910,979

Total comprehensive income for the year is all attributable to the owners of the parent company.

The Group Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

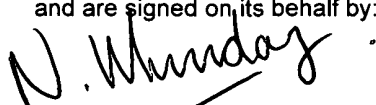
CLASSIC COLLECTION HOLIDAYS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Goodwill	11		208,366		246,239
Other intangible assets	11		136,982		101,666
Total intangible assets			345,348		347,905
Property, plant and equipment	12		2,845,148		2,642,834
			3,190,496		2,990,739
Current assets					
Trade and other receivables	16	6,017,168		4,526,937	
Cash at bank and in hand		11,561,219		10,458,559	
		17,578,387		14,985,496	
Current liabilities	17	(10,751,062)		(9,597,159)	
Net current assets			6,827,325		5,388,337
Total assets less current liabilities			10,017,821		8,379,076
Provisions for liabilities	18		(306,975)		30,347
Net assets			9,710,846		8,409,423
Equity					
Called up share capital	21		1,135,000		1,135,000
Share premium account			50,000		50,000
Revaluation reserve			384,397		164,397
Hedging reserve	22		1,181,499		(239,390)
Retained earnings			6,959,950		7,299,416
Total equity			9,710,846		8,409,423

The financial statements were approved by the board of directors and authorised for issue on 21/12/16 and are signed on its behalf by:



Mr N H P Munday
Director



Mr T D S Charlwood
Director

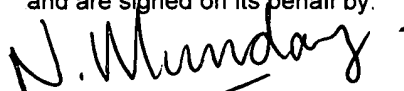
CLASSIC COLLECTION HOLIDAYS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Goodwill	11	208,366		246,239	
Other intangible assets	11	136,982		101,666	
Total intangible assets		345,348		347,905	
Property, plant and equipment	12	60,148		77,834	
Investments	13	61,336		61,336	
		466,832		487,075	
Current assets					
Trade and other receivables	16	7,452,351		5,906,795	
Cash at bank and in hand		11,024,547		10,023,467	
		18,476,898		15,930,262	
Current liabilities	17	(10,161,674)		(8,998,075)	
Net current assets		8,315,224		6,932,187	
Total assets less current liabilities		8,782,056		7,419,262	
Provisions for liabilities	18	(306,975)		29,947	
Net assets		8,475,081		7,449,209	
Equity					
Called up share capital	21	1,135,000		1,135,000	
Share premium account		50,000		50,000	
Hedging reserve	22	1,181,499		(239,390)	
Retained earnings		6,108,582		6,503,599	
Total equity		8,475,081		7,449,209	

The financial statements were approved by the board of directors and authorised for issue on 21/12/16 and are signed on its behalf by:



Mr N H P Munday
Director



Mr T D S Charlwood
Director

Company Registration No. 01512421

CLASSIC COLLECTION HOLIDAYS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2016

	Share capital	Share premium account	Revaluation reserve	Hedging reserve	Retained earnings	Total
	£	£	£	£	£	£
Balance at 1 November 2014	1,135,000	50,000	(603)	(369,693)	6,683,740	7,498,444
Year ended 31 October 2015:						
Profit for the year	-	-	-	-	2,615,676	2,615,676
Other comprehensive income:						
Revaluation of property, plant and equipment	-	-	165,000	-	-	165,000
Cash flow hedges gains arising in the year	-	-	-	(299,237)	-	(299,237)
Cash flow hedges gains reclassified to profit or loss	-	-	-	462,116	-	462,116
Tax relating to other comprehensive income	-	-	-	(32,576)	-	(32,576)
Total comprehensive income for the year	-	-	165,000	130,303	2,615,676	2,910,979
Dividends	-	-	-	-	(2,000,000)	(2,000,000)
Balance at 31 October 2015	1,135,000	50,000	164,397	(239,390)	7,299,416	8,409,423
Year ended 31 October 2016:						
Profit for the year	-	-	-	-	2,160,534	2,160,534
Other comprehensive income:						
Revaluation of property, plant and equipment	-	-	220,000	-	-	220,000
Cash flow hedges gains arising in the year	-	-	-	1,476,874	-	1,476,874
Cash flow hedges gains reclassified to profit or loss	-	-	-	299,237	-	299,237
Tax relating to other comprehensive income	-	-	-	(355,222)	-	(355,222)
Total comprehensive income for the year	-	-	220,000	1,420,889	2,160,534	3,801,423
Dividends	-	-	-	-	(2,500,000)	(2,500,000)
Balance at 31 October 2016	1,135,000	50,000	384,397	1,181,499	6,959,950	9,710,846

CLASSIC COLLECTION HOLIDAYS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	Share capital £	Share premium account £	Hedging reserve £	Retained earnings £	Total £
Balance at 1 November 2014		1,135,000	50,000	(369,693)	6,069,558	6,884,865
Year ended 31 October 2015:						
Profit for the year		-	-	-	2,434,041	2,434,041
Other comprehensive income:						
Cash flow hedges gains arising in the year		-	-	(299,237)	-	(299,237)
Cash flow hedges gains reclassified to profit or loss		-	-	462,116	-	462,116
Tax relating to other comprehensive income		-	-	(32,576)	-	(32,576)
Total comprehensive income for the year		-	-	130,303	2,434,041	2,564,344
Dividends	10	-	-	-	(2,000,000)	(2,000,000)
Balance at 31 October 2015		1,135,000	50,000	(239,390)	6,503,599	7,449,209
Year ended 31 October 2016:						
Profit for the year		-	-	-	2,104,983	2,104,983
Other comprehensive income:						
Cash flow hedges gains arising in the year		-	-	1,476,874	-	1,476,874
Cash flow hedges gains reclassified to profit or loss		-	-	299,237	-	299,237
Tax relating to other comprehensive income		-	-	(355,222)	-	(355,222)
Total comprehensive income for the year		-	-	1,420,889	2,104,983	3,525,872
Dividends	10	-	-	-	(2,500,000)	(2,500,000)
Balance at 31 October 2016		1,135,000	50,000	1,181,499	6,108,582	8,475,081

CLASSIC COLLECTION HOLIDAYS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	27	3,802,918		1,459,774	
Income taxes paid		(75,801)		(764,108)	
Net cash inflow from operating activities		3,727,117		695,666	
Investing activities					
Purchase of intangible assets		(111,800)		(147,225)	
Purchase of property, plant and equipment		(35,468)		(39,330)	
Interest received		22,811		20,520	
Net cash used in investing activities		(124,457)		(166,035)	
Financing activities					
Dividends paid to equity shareholders		(2,500,000)		(2,000,000)	
Net cash used in financing activities		(2,500,000)		(2,000,000)	
Net increase/(decrease) in cash and cash equivalents		1,102,660		(1,470,369)	
Cash and cash equivalents at beginning of year		10,458,559		11,928,928	
Cash and cash equivalents at end of year		11,561,219		10,458,559	

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

Company information

Classic Collection Holidays Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Saxon House, Little High Street, Worthing, West Sussex, BN11 1DH.

The group consists of Classic Collection Holidays Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The group's land and buildings, which are rented from Saxon House Properties Limited to Classic Collection Holidays Limited is accounted for as investment property within the financial statements of the subsidiary and as property, plant and equipment carried at fair value within the group's consolidated financial statements. This treatment is in accordance with the Financial Reporting Council's Staff Education Note 4: Investment Properties. In accordance with FRS 102, by adopting a revaluation model, no depreciation has been provided on the buildings element of the property. This treatment has been adopted in the interests of giving a true and fair view, which overrides the otherwise specific requirements of the Companies Act 2006 to provide for depreciation on fixed assets with a limited useful economic life.

These group and company financial statements for the year ended 31 October 2016 are the first financial statements of Classic Collection Holidays Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 November 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 28.

The group has chosen to early adopt The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 (SI 2015/980) in respect to its year ended 31 October 2016 to allow the subsidiary undertakings to apply Section 1A of FRS 102 within their financial statements.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £2,104,983 (2015 - £2,434,041 profit).

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Classic Collection Holidays Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). The subsidiaries include Classic Collection Aviation Limited, Saxon House Properties Limited and Classic Collection Holidays, Travel & Leisure Limited.

All financial statements are made up to 31 October 2016. As disclosed, the group has early adopted the requirements of SI 2015/980 to allow subsidiaries to present their results under Section 1A of FRS 102. This has brought the accountancy policies into line across the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Revenue

Revenue represents amounts receivable from ordinary activities before deducting travel agent commission where appropriate and exclusive of VAT and is recognised on date of departure.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

The useful life was determined with reference to its established market presence, good relationships with suppliers and solid customer base, which were deemed to be advantageous qualities that would ensure the continued business was maintained and from which a stronger platform could develop. The remaining value and useful life has been reviewed for impairment but the directors consider that the initial assessment remains appropriate.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer software	33.3% straight line per annum
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CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	No depreciation
Computer equipment	33.3% straight line per annum
Fixtures and fittings	25% straight line per annum
Motor vehicles	25% straight line per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

The directors have adopted a revaluation model in respect to the freehold land and buildings. Accordingly, the assets are carried at fair value with gains and losses recorded through Other Comprehensive Income.

1.8 Non-current investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

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

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

Classification of financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Derivatives

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

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.14 Taxation

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

Current tax

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

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

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

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Judgements and key sources of estimation uncertainty

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

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

3 Revenue

The group engages in only one class of business as Tour Operators, this is considered to be the rendering of services. All turnover originates in the United Kingdom.

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned property, plant and equipment	53,154	60,664
Amortisation of intangible assets	114,357	83,433
Operating lease charges	53,163	29,168
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	9,125	8,975
Audit of the company's subsidiaries	4,500	4,450
	<u> </u>	<u> </u>
	13,625	13,425
	<u> </u>	<u> </u>
For other services		
Other assurance services	2,790	2,000
Taxation compliance services	850	750
All other non-audit services	15,820	17,766
	<u> </u>	<u> </u>
	19,460	20,516
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2016 Number	2015 Number
Executive	9	8
IT & Premises	5	5
Accounts	14	16
Marketing	13	13
Overseas	1	1
Purchasing	4	7
Commercial	9	10
Call Centre	47	44
Customer Services and H&S	9	10
Admin	13	8
	<u> </u>	<u> </u>
	124	122
	<u> </u>	<u> </u>

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

6 Employees

(Continued)

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	3,134,351	3,102,530
Social security costs	307,736	303,998
Pension costs	89,579	81,275
	<u>3,531,666</u>	<u>3,487,803</u>

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	265,549	268,831
Company pension contributions to defined contribution schemes	6,320	6,201
	<u>271,869</u>	<u>275,032</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	127,056	130,184
Company pension contributions to defined contribution schemes	6,320	6,201
	<u>133,376</u>	<u>136,385</u>

8 Investment income

	2016 £	2015 £
Interest income		
Interest on bank deposits	22,811	20,520
	<u>22,811</u>	<u>20,520</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	22,811	20,520
	<u>22,811</u>	<u>20,520</u>

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

9 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	545,181	648,019
Adjustments in respect of prior periods	(90,411)	(56,035)
Total current tax	454,770	591,984
Deferred tax		
Origination and reversal of timing differences	(17,900)	17,100
Total tax charge	436,870	609,084

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	2,597,404	3,224,760
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.41%)	519,481	658,174
Tax effect of expenses that are not deductible in determining taxable profit	295	237
Adjustments in respect of prior years	(90,411)	(56,035)
Permanent capital allowances in excess of depreciation	(470)	(744)
Amortisation on assets not qualifying for tax allowances	7,575	7,730
Deferred tax adjustments in respect of prior years	400	-
Tax at marginal rate	-	(278)
Tax expense for the year	436,870	609,084

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

	2016 £	2015 £
Reclassifications from equity to profit or loss:		
Relating to cash flow hedges	355,222	32,576

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

10 Dividends

	2016 £	2015 £
Interim paid	2,500,000	2,000,000

11 Intangible fixed assets

Group	Goodwill £	Computer software £	Total £
Cost			
At 1 November 2015	757,466	147,225	904,691
Additions - separately acquired	-	111,800	111,800
At 31 October 2016	757,466	259,025	1,016,491
Amortisation and impairment			
At 1 November 2015	511,227	45,559	556,786
Amortisation charged for the year	37,873	76,484	114,357
At 31 October 2016	549,100	122,043	671,143
Carrying amount			
At 31 October 2016	208,366	136,982	345,348
At 31 October 2015	246,239	101,666	347,905
Company			
	Goodwill £	Computer software £	Total £
Cost			
At 1 November 2015	757,466	147,225	904,691
Additions - separately acquired	-	111,800	111,800
At 31 October 2016	757,466	259,025	1,016,491
Amortisation and impairment			
At 1 November 2015	511,227	45,559	556,786
Amortisation charged for the year	37,873	76,484	114,357
At 31 October 2016	549,100	122,043	671,143
Carrying amount			
At 31 October 2016	208,366	136,982	345,348
At 31 October 2015	246,239	101,666	347,905

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

12 Property, plant and equipment

Group	Freehold land and buildings	Computer equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 November 2015	2,565,000	345,577	152,549	8,020	3,071,146
Additions	-	33,287	2,181	-	35,468
Disposals	-	(104,795)	(1,052)	-	(105,847)
Revaluation	220,000	-	-	-	220,000
At 31 October 2016	2,785,000	274,069	153,678	8,020	3,220,767
Depreciation and impairment					
At 1 November 2015	-	289,319	133,312	5,681	428,312
Depreciation charged in the year	-	42,305	8,844	2,005	53,154
Eliminated in respect of disposals	-	(104,795)	(1,052)	-	(105,847)
At 31 October 2016	-	226,829	141,104	7,686	375,619
Carrying amount					
At 31 October 2016	2,785,000	47,240	12,574	334	2,845,148
At 31 October 2015	2,565,000	56,258	19,237	2,339	2,642,834

The freehold land and buildings in the group comprises of Saxon House, Little High Street, Worthing, BN11 1DH. The fair value of the freehold land and buildings has been arrived at on the basis of valuations carried out as at 1 November 2014, 31 October 2015 and 31 October 2016 by Flude Commercial, Chartered Surveyors, who are not connected with the company. The valuations were made on an open market value basis by reference to market evidence of transaction prices for similar properties.

Under the depreciated cost model the carrying value of freehold land and buildings would be £2,338,008 (2015 - £2,369,306).

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

12 Property, plant and equipment

(Continued)

Company	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 November 2015	345,577	114,706	8,020	468,303
Additions	33,287	2,181	-	35,468
Disposals	(104,795)	(1,052)	-	(105,847)
At 31 October 2016	274,069	115,835	8,020	397,924
Depreciation and impairment				
At 1 November 2015	289,319	95,469	5,681	390,469
Depreciation charged in the year	42,305	8,844	2,005	53,154
Eliminated in respect of disposals	(104,795)	(1,052)	-	(105,847)
At 31 October 2016	226,829	103,261	7,686	337,776
Carrying amount				
At 31 October 2016	47,240	12,574	334	60,148
At 31 October 2015	56,258	19,237	2,339	77,834

13 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	14	-	-	61,336	61,336

14 Subsidiaries

Details of the company's subsidiaries at 31 October 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct Indirect
Classic Collection Aviation Limited	England & Wales Transport broker	Ordinary	100.00
Saxon House Properties Limited	England & Wales Property management for group trading	Ordinary	100.00
Classic Collection Holiday Travel & Leisure Limited	England & Wales Dormant	Ordinary	100.00

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

15 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	977,491	1,124,759	4,792,997	4,891,595
Equity instruments measured at cost less impairment	-	-	61,336	61,336
Instruments measured at fair value through profit or loss	1,476,874	-	1,476,874	-
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	-	299,237	-	299,237
Measured at amortised cost	9,304,242	7,648,918	8,893,085	7,238,962

16 Trade and other receivables

	Group 2016 £	2015 £	Company 2016 £	2015 £
Amounts falling due within one year:				
Trade receivables	291,881	358,727	291,881	358,727
Corporation tax recoverable	-	56,035	-	56,035
Amounts due from subsidiary undertakings	-	-	4,495,916	4,517,542
Derivative financial instruments	1,476,874	-	1,476,874	-
Other receivables	685,610	766,029	5,200	15,326
Prepayments and accrued income	3,562,803	3,346,146	1,182,480	959,165
	6,017,168	4,526,937	7,452,351	5,906,795

17 Current liabilities

	Group 2016 £	2015 £	Company 2016 £	2015 £
Payments received on account	4,036,795	4,000,227	4,036,795	4,000,227
Trade payables	5,258,850	3,648,691	4,788,358	3,179,400
Amounts due to group undertakings	-	-	59,335	59,335
Corporation tax payable	230,181	262,469	100,000	120,219
Other taxation and social security	698,455	727,482	686,339	715,661
Derivative financial instruments	-	299,237	-	299,237
Other payables	8,597	-	8,597	-
Accruals and deferred income	518,184	659,053	482,250	623,996
	10,751,062	9,597,159	10,161,674	8,998,075

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

18 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Group		
Accelerated capital allowances	11,600	29,500
Cash flow hedges	295,375	(59,847)
	<u>306,975</u>	<u>(30,347)</u>
	Liabilities 2016 £	Liabilities 2015 £
Company		
Accelerated capital allowances	11,600	29,900
Cash flow hedges	295,375	(59,847)
	<u>306,975</u>	<u>(29,947)</u>
	Group 2016 £	Company 2016 £
Movements in the year:		
Liability/(asset) at 1 November 2015	(30,347)	(29,947)
Credit to profit or loss	(18,300)	(18,300)
Charge to other comprehensive income	355,222	355,222
	<u>306,575</u>	<u>306,975</u>

It is anticipated that the deferred tax liability relating to the cash flow hedges will reverse within twelve months of the reporting date.

19 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>89,579</u>	<u>81,275</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

20 Share-based payment transactions

On 17 June 2008 the company set up the Classic Collection Holidays Limited unapproved executive share option scheme 2008 for the benefit of the group's senior employees. On 28 July 2008 a fair value of £4.33 per ordinary share was established. In 2008 45,000 options were granted with exercise prices ranging from £8.00 - £13.00. The options can only be exercised following an 'exit event' and the directors believe any profit and loss charge required in the financial statements would be immaterial. At the balance sheet date 32,000 (2015 - 40,000) share options were outstanding. Mr M Rice, a director, has an interest in these options.

21 Share capital

	Group and company	
	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
1,135,000 Ordinary shares of £1 each	1,135,000	1,135,000

Rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital.

22 Hedging reserve

	Group 2016 £	2015 £	Company 2016 £	2015 £
At beginning of year	(239,390)	-	(239,390)	-
Effect of transition to FRS 102	-	(369,693)	-	(369,693)
As restated	(239,390)	(369,693)	(239,390)	(369,693)
Gains and losses on cash flow hedges	1,476,874	(299,237)	1,476,874	(299,237)
Transfer to profit or loss	299,237	462,116	299,237	462,116
Deferred tax related to gains and losses recognised within other comprehensive income	(355,222)	(32,576)	(355,222)	(32,576)
At end of year	1,181,499	(239,390)	1,181,499	(239,390)

The company entered into forward foreign exchange contracts to mitigate exchange rate risk for foreign currency payments. At 31 October 2016, the outstanding contracts all mature within 12 months of the year end. The company had committed to buy €19,525,000, \$800,000 and MAD300,000, amounting to 44% of the forecasted total currency required for the coming year (2015: €18,725,000, \$1,400,000 and MAD500,000)

The forward contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward rates for GBP:EUR, GBP:USD and GBP:MAD. The fair value of the forward currency contracts is a gain of £1,476,874 (2015: £299,237 loss).

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

23 Operating lease commitments

Lessee

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

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	50,000	41,000	297,000	282,000
Between two and five years	108,000	167,000	731,000	1,036,000
	<u>158,000</u>	<u>208,000</u>	<u>1,028,000</u>	<u>1,318,000</u>

Lessor

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	105,000	105,000	105,000	105,000
Between two and five years	244,000	349,000	244,000	349,000
	<u>349,000</u>	<u>454,000</u>	<u>349,000</u>	<u>454,000</u>

24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Acquisition of property, plant and equipment	-	90,950	-	90,950

See note 22 in relation to commitments for foreign exchange forward contracts.

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2016 £	2015 £
Aggregate compensation	<u>629,888</u>	<u>596,662</u>

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

26 Controlling party

For the whole year, the company and the group were under the control of Mr N H P Munday, the major shareholder and managing director.

27 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	2,160,534	2,615,676
Adjustments for:		
Taxation charged	436,870	609,084
Investment income	(22,811)	(20,520)
Amortisation and impairment of intangible assets	114,357	83,433
Depreciation and impairment of property, plant and equipment	53,154	60,664
Movements in working capital:		
(Increase) in trade and other receivables	(69,392)	(174,434)
Increase/(decrease) in trade and other payables	1,130,206	(1,714,129)
Cash generated from operations	3,802,918	1,459,774

28 Reconciliations on adoption of FRS 102

Reconciliation of equity - group

		1 November 2014 £	31 October 2015 £
	Notes		
Equity as reported under previous UK GAAP		7,868,740	8,453,118
Adjustments arising from transition to FRS 102:			
Reversal of depreciation previously charged	(a)	164,316	195,614
Fair value adjustment	(a)	(164,919)	81
Fair value of forward currency contracts	(b)	(369,693)	(239,390)
Equity reported under FRS 102		7,498,444	8,409,423

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2016

28 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of group profit for the financial period

	Notes	2015 £
Profit as reported under previous UK GAAP		2,419,378
Adjustments arising from transition to FRS 102:		
Reversal of depreciation previously charged	(a)	31,298
Fair value adjustment	(a)	165,000
Profit reported under FRS 102		<u>2,615,676</u>

Notes to reconciliations on adoption of FRS 102 - group

Fair value adjustments on land and buildings

a) With the adoption of FRS 102, the land and buildings held by one of the subsidiaries and leased to the parent company is now required to be treated as an investment property and carried at fair value within the financial statements of that subsidiary. Within the consolidated financial statements, whilst the land and buildings must be treated as property, plant and equipment, these assets are now recorded at fair value to provide consistency in the group reporting.

As the revalued amounts are lower than the indexed cost of the assets, no chargeable gains would be expected to arise in the event of a sale. Accordingly no deferred taxation has been recognised.

Fair value of forward currency contracts

b) The company entered into a series of foreign currency forward contracts, these are considered to relate to highly probable forecast transactions and were designated as hedging instruments. In accordance with FRS102 the contracts have been valued through other comprehensive income at the reporting dates and taken to the hedging reserve, net of deferred taxation.

Reclassification of computer software

c) In accordance with FRS 102 the iVector software purchased by the company in the year ended 31 October 2015 has been reclassified from property, plant and equipment to intangible assets. The cost of the computer software can be seen at note 11.

Reconciliation of equity - company

	Notes	1 November 2014 £	31 October 2015 £
Equity as reported under previous UK GAAP		7,254,558	7,688,599
Adjustments arising from transition to FRS 102:			
Fair value of forward currency contracts	(b)	(369,693)	(239,390)
Equity reported under FRS 102		<u>6,884,865</u>	<u>7,449,209</u>

CLASSIC COLLECTION HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2016

28 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of company profit for the financial period

2015
£

Profit as reported under previous UK GAAP and under FRS 102

2,434,041

Notes to reconciliations on adoption of FRS 102 - company

Fair value of forward currency contracts

b) The company entered into a series of foreign currency forward contracts, these are considered to relate to highly probable forecast transactions and were designated as hedging instruments. In accordance with FRS102 the contracts have been valued through other comprehensive income at the reporting dates and taken to the hedging reserve, net of deferred taxation.

Reclassification of computer software

c) In accordance with FRS 102 the iVector software purchased by the company in the year ended 31 October 2015 has been reclassified from property, plant and equipment to intangible assets. The cost of the computer software can be seen at note 11.