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Company Registration No. 03595394 (England and Wales)

TRAVELSMITH INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018



:RickardLuckin

TRAVELSMITH INVESTMENTS LIMITED

COMPANY INFORMATION

Directors	JD Smith RP Smith Mrs KA Smith
Secretary	Mrs KA Smith
Company number	03595394
Registered office	Travelsmith House 38 High Street Burnham-on-Crouch Essex CM0 8AA
Auditor	Rickard Luckin Limited Aquila House Waterloo Lane Chelmsford Essex CM1 1BN
Business address	Travelsmith House 38 High Street Burnham-on-Crouch Essex CM0 8AA
Bankers	Barclays Corporate Banking Priory Place Level 3 New London Road Chelmsford Essex CM2 0PP NatWest Bank Plc, Truro Penhaligon House Green Street Truro Cornwall TR1 2LH

TRAVELSMITH INVESTMENTS LIMITED

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TRAVELSMITH INVESTMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2018

The directors present the strategic report for the year ended 31 October 2018.

Fair review of the business

Despite showing a small Group trading loss, 2018 was a satisfactory performance.

The cash position has improved and loans have fallen by £600K.

For the second consecutive year the Group's balance sheet (excl. minority interests) has risen, due essentially to the increase in the value of our Bay Retreat properties following the demerger from Travelsmith Hotels Ltd.

These accounts include substantial repairs and refurbishment to our hotel and set up costs for a new software system for our Travelsmith Holidays operation.

The Mawgan Porth development proved successful with 4 of the 5 apartments having been sold. The remaining property is shown at cost price with a potential profit on sale of £100K.

A new development project with 5 villas being constructed in our hotel grounds should be completed this June expecting to increase the Group's net asset value by not less than £200K.

Whilst the Channel Islands operation incurred a loss in 2018 the new measures taken will give us the prospect of break even or close to it for 2019.

The Brexit crisis is of concern but the Board believes, provided UK steers clear of recession, that the domestic holiday market is a safe haven and should not suffer.

We will continue our strategy of leisure property development that has been successful during the past 4 years and in the Board's view will continue to serve us well in the ensuing years.

We believe 2019 will confirm further progress in strengthening the Group's financial position both in terms of an increase in fixed asset value coupled with a satisfactory trading performance.

On behalf of the board

JD Smith
Director

12 February 2019



TRAVELSMITH INVESTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2018

The directors present their annual report and financial statements for the year ended 31 October 2018.

Principal activities

The principal activity of the group continued to be that of leisure property with associated tour operations in addition to the operation and construction of hotels, apartments and the sale of developed properties.

Directors

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

JD Smith
RP Smith
Mrs KA Smith

Results and dividends

The results for the year are set out on page 7.

The directors do not recommend payment of a final dividend.

Financial instruments

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the businesses.

Interest rate risk

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

Foreign currency risk

The group had only minimal trading outside the UK in respect of its tour operation and this programme was shut down in 2011. The incoming traffic received for Cornwall properties is always paid in sterling hence the group has limited exposure.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Auditor

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

TRAVELSMITH INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

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.

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 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 is aware of that information.

On behalf of the board



JD Smith

Director

12 February 2019

TRAVELSMITH INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRAVELSMITH INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Travelsmith Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2018 and of the group's loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

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

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

We have nothing to report in this regard.

TRAVELSMITH INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TRAVELSMITH INVESTMENTS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

TRAVELSMITH INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF TRAVELSMITH INVESTMENTS LIMITED

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.

Terri Smith (Senior Statutory Auditor)
for and on behalf of Rickard Luckin Limited

12 February 2019

Chartered Accountants
Statutory Auditor

Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

TRAVELSMITH INVESTMENTS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2018

		2018	2017
	Notes	£	as restated £
Turnover	3	6,321,081	6,274,605
Cost of sales		(4,378,257)	(4,117,207)
Gross profit		1,942,824	2,157,398
Administrative expenses		(1,974,991)	(1,856,964)
Other operating income		23,510	1,465
Operating (loss)/profit	4	(8,657)	301,899
Interest receivable and similar income	8	6,939	2,863
Interest payable and similar expenses	9	(12,632)	(43,263)
Amounts written off investments		(9,681)	10,753
Profit/(loss) on disposal of operations	25		
- Part disposal of interest in group undertaking		(35,535)	-
(Loss)/profit before taxation		(59,566)	272,252
Tax on (loss)/profit	10	23,331	-
(Loss)/profit for the financial year	24	(36,235)	272,252
(Loss)/profit for the financial year is attributable to:			
- Owners of the parent company		(20,027)	138,716
- Non-controlling interests		(16,208)	133,536
		(36,235)	272,252

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

TRAVELSMITH INVESTMENTS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2018

	2018 £	2017 £
(Loss)/profit for the year	(36,235)	272,252
Other comprehensive income		
Revaluation of tangible fixed assets	249,600	-
Tax relating to other comprehensive income	(42,432)	-
Other comprehensive income for the year	207,168	-
Total comprehensive income for the year	170,933	272,252
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	187,141	138,716
- Non-controlling interests	(16,208)	133,536
	170,933	272,252

TRAVELSMITH INVESTMENTS LIMITED

GROUP BALANCE SHEET

AS AT 31 OCTOBER 2018


	Notes	2018		2017 as restated	
		£	£	£	£
Fixed assets					
Tangible assets	11	3,315,313		3,791,454	
Investment properties	12	519,518		519,518	
Investments	13	-		1	
		3,834,831		4,310,973	
Current assets					
Stocks	16	13,237		670,594	
Debtors	17	378,873		425,158	
Investments	18	73,796		83,477	
Cash at bank and in hand		1,605,423		1,483,103	
		2,071,329		2,662,332	
Creditors: amounts falling due within one year	19	(2,836,951)		(3,120,459)	
Net current liabilities		(765,622)		(458,127)	
Total assets less current liabilities		3,069,209		3,852,846	
Creditors: amounts falling due after more than one year	20	(260,006)		(720,423)	
Provisions for liabilities	22	(42,432)		-	
Net assets		2,766,771		3,132,423	
Attributable to the owners of the parent company		2,773,550		2,586,409	
Non-controlling interests		(6,779)		546,014	
		2,766,771		3,132,423	
Capital and reserves					
Called up share capital	23	374,798		374,798	
Share premium account		5,000		5,000	
Revaluation reserve		1,740,530		1,533,362	
Profit and loss reserves	24	653,222		673,249	
Equity attributable to owners of the parent company		2,773,550		2,586,409	
Non-controlling interests		(6,779)		546,014	
		2,766,771		3,132,423	

TRAVELSMITH INVESTMENTS LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 OCTOBER 2018

The financial statements were approved by the board of directors and authorised for issue on 12 February 2019 and are signed on its behalf by:



JD Smith
Director



RP Smith
Director

TRAVELSMITH INVESTMENTS LIMITED

COMPANY BALANCE SHEET

AS AT 31 OCTOBER 2018

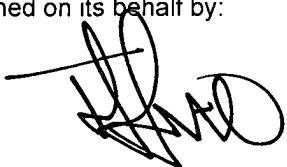
		2018		2017 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		187,200		192,000
Investments	13		1,324,101		1,324,101
			<u>1,511,301</u>		<u>1,516,101</u>
Current assets					
Debtors	17	1,500,049		1,588,953	
Creditors: amounts falling due within one year	19	(880,367)		(865,729)	
Net current assets			619,682		723,224
Total assets less current liabilities			<u>2,130,983</u>		<u>2,239,325</u>
Creditors: amounts falling due after more than one year	20		(260,006)		(309,181)
Net assets			<u>1,870,977</u>		<u>1,930,144</u>
Capital and reserves					
Called up share capital	23		374,798		374,798
Share premium account			5,000		5,000
Profit and loss reserves	24		1,491,179		1,550,346
Total equity			<u>1,870,977</u>		<u>1,930,144</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £59,167 (2017 - £469,829 profit).

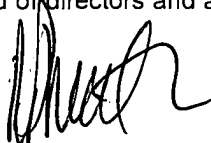
Under section 454 of the Companies Act 2006, on a voluntary basis, the directors can amend these financial statements if they are subsequently proved to be defective.

The financial statements were approved by the board of directors and authorised for issue on 12 February 2019 and are signed on its behalf by:

JD Smith
Director



RP Smith
Director



Company Registration No. 03595394

TRAVELSMITH INVESTMENTS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2018

	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
As restated for the period ended 31 October 2017:							
Balance at 1 November 2016	374,798	5,000	1,533,362	534,533	2,447,693	412,478	2,860,171
Year ended 31 October 2017:							
Profit and total comprehensive income for the year	-	-	-	138,716	138,716	133,536	272,252
Balance at 31 October 2017	374,798	5,000	1,533,362	673,249	2,586,409	546,014	3,132,423
Year ended 31 October 2018:							
Loss for the year	-	-	-	(20,027)	(20,027)	(16,208)	(36,235)
Other comprehensive income:							
Revaluation of tangible fixed assets	-	-	249,600	-	249,600	-	249,600
Tax relating to other comprehensive income	-	-	(42,432)	-	(42,432)	-	(42,432)
Total comprehensive income for the year	-	-	207,168	(20,027)	187,141	(16,208)	170,933
Disposal of non-controlling interests	-	-	-	-	-	(536,585)	(536,585)
Balance at 31 October 2018	374,798	5,000	1,740,530	653,222	2,773,550	(6,779)	2,766,771

TRAVELSMITH INVESTMENTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2018

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
As restated for the period ended 31 October 2017:				
Balance at 1 November 2016	374,798	5,000	1,133,717	1,513,515
Effect of change in accounting policy	-	-	(53,200)	(53,200)
As restated	<u>374,798</u>	<u>5,000</u>	<u>1,080,517</u>	<u>1,460,315</u>
Year ended 31 October 2017:				
Profit and total comprehensive income for the year	-	-	469,829	469,829
Balance at 31 October 2017	<u>374,798</u>	<u>5,000</u>	<u>1,550,346</u>	<u>1,930,144</u>
Year ended 31 October 2018:				
Loss and total comprehensive income for the year	-	-	(59,167)	(59,167)
Balance at 31 October 2018	<u><u>374,798</u></u>	<u><u>5,000</u></u>	<u><u>1,491,179</u></u>	<u><u>1,870,977</u></u>

TRAVELSMITH INVESTMENTS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	29	1,580,614		254,902	
Interest paid		(23,921)		(43,263)	
Income taxes paid		-		(12,214)	
Net cash inflow from operating activities		1,556,693		199,425	
Investing activities					
Proceeds on disposal of intangibles		423,159		-	
Purchase of tangible fixed assets		(143,199)		(582,106)	
Proceeds on disposal of tangible fixed assets		(1,111,825)		436,760	
Travelsmith Hotels Ltd bank balance disposed		(7,510)		-	
Proceeds on disposal of associates		-		(1)	
Proceeds from other investments and loans		-		24,018	
Interest received		13,039		2,539	
Dividends received		5,189		324	
Net cash used in investing activities		(821,147)		(118,466)	
Financing activities					
Repayment of borrowings		(121,501)		(105,974)	
Repayment of bank loans		(423,934)		(297,727)	
Net cash used in financing activities		(545,435)		(403,701)	
Net increase/(decrease) in cash and cash equivalents		190,111		(322,742)	
Cash and cash equivalents at beginning of year		(270,950)		51,792	
Cash and cash equivalents at end of year		(80,839)		(270,950)	
Relating to:					
Cash at bank and in hand		1,605,423		1,483,103	
Bank overdrafts included in creditors payable within one year		(1,686,262)		(1,754,053)	

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

1 Accounting policies

Company information

Travelsmith Investments Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Travelsmith House, 38 High Street, Burnham-on-Crouch, Essex, CM0 8AA.

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

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 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

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.

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Travelsmith Investments 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). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 October 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of 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 and group 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 Turnover

Turnover represents amounts receivable for goods, services and short term holiday property lettings net of VAT, trade discounts and commissions charged by self billing agencies, in addition to amounts receivable for sales of holiday villas.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods),

Revenue from holiday property lettings is recognised when the letting period commences.

Revenue from the sale of holiday villas is recognised when the significant risks and rewards of ownership of the property have passed to the buyer.

In all instances, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

1 Accounting policies

(Continued)

The carrying value of cottages and apartments included in freehold property are shown at cost until revaluation when they are shown at current market value, with the exception of one cottage which is shown at cost less depreciation. There is a policy and practice of regular maintenance and repair such that the standard of properties are maintained with estimated residual values being such that depreciation thereon is immaterial. The company's policy is to obtain a professional valuation every 5 years with an interim valuation in year 3 and for the directors to review these valuations in the intervening periods.

Tangible fixed assets include investment properties professionally valued by Chartered Surveyors on an existing use open market value basis. Other tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Cottages, apartments and other freehold building	Held at valuation and 1-2% on cost
Fixtures, fittings & equipment	30% straight line
Computer equipment	20% straight line
Motor vehicles	25% reducing balance

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 profit and loss account.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Property rented to a group entity is accounted for as tangible fixed assets.

1.7 Fixed asset 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.

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

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.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash at bank and in hand 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 balance sheet 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 debtors 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.

Classification of financial liabilities

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

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors 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 creditors 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 transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 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 profit and loss account 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.

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 profit and loss account, 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.

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

1 Accounting policies

(Continued)

1.14 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 fixed 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.

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 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018 £	2017 £
Turnover		
Tourism services	5,079,081	5,441,105
Property sales	1,242,000	833,500
	<u>6,321,081</u>	<u>6,274,605</u>

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Operating (loss)/profit

	2018 £	2017 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	18,018	47,183
Profit on disposal of tangible fixed assets	(747)	-
Cost of properties sold	<u>1,111,825</u>	<u>-</u>

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

5 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	20,425	19,925
Audit of the financial statements of the company's subsidiaries	27,500	37,425
	<u>47,925</u>	<u>57,350</u>

6 Employees

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

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Administration	9	9	3	3
Sales & Distribution	50	45	-	-
	<u>59</u>	<u>54</u>	<u>3</u>	<u>3</u>

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	937,693	832,834	-	-
Social security costs	59,647	57,250	-	-
	<u>997,340</u>	<u>890,084</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	<u>109,817</u>	<u>112,600</u>

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

8 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Other interest income	1,750	2,539
Other income from investments		
Dividends received	5,189	324
Total income	<u>6,939</u>	<u>2,863</u>

Investment income includes the following:

Dividends from financial assets measured at fair value through profit or loss	<u>5,189</u>	<u>324</u>
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9 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	9,825	27,827
Other interest on financial liabilities	2,807	1,410
	<u>12,632</u>	<u>29,237</u>
Other finance costs:		
Other interest	-	14,026
Total finance costs	<u>12,632</u>	<u>43,263</u>

10 Taxation

	2018 £	2017 £
Current tax		
Group tax relief in respect of prior period	(58,340)	-
	<u></u>	<u></u>
Deferred tax		
Origination and reversal of timing differences	35,009	-
	<u></u>	<u></u>
Total tax credit	<u>(23,331)</u>	<u>-</u>

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

10 Taxation

(Continued)

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:

	2018 £	2017 £
(Loss)/profit before taxation	(59,566)	272,252
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	(11,318)	51,728
Tax effect of expenses that are not deductible in determining taxable profit	17,586	3,857
Tax effect of income not taxable in determining taxable profit	(1,802)	6,853
Tax effect of utilisation of tax losses not previously recognised	(32,059)	(56,929)
Unutilised tax losses carried forward	19,512	-
Change in unrecognised deferred tax assets	43,060	-
Group relief	(58,340)	-
Permanent capital allowances in excess of depreciation	-	(4,358)
Changes in tax rates	-	(1,151)
Other tax adjustments	30	-
Taxation credit	(23,331)	-

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

	2018 £	2017 £
Deferred tax arising on:		
Revaluation of property	42,432	-

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

11 Tangible fixed assets

Group	Cottages, apartments and other freehold building	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 November 2017	3,836,347	160,188	78,405	10,725	4,085,665
Additions	401,324	24,780	-	7,495	433,599
Disposals	(1,127,807)	(93,549)	-	(4,530)	(1,225,886)
Revaluation	249,600	-	-	-	249,600
	<u>3,359,464</u>	<u>91,419</u>	<u>78,405</u>	<u>13,690</u>	<u>3,542,978</u>
Depreciation and impairment					
At 1 November 2017	76,676	131,472	78,405	7,658	294,211
Depreciation charged in the year	15,474	16	-	2,528	18,018
Eliminated in respect of disposals	(15,600)	(64,887)	-	(4,077)	(84,564)
	<u>76,550</u>	<u>66,601</u>	<u>78,405</u>	<u>6,109</u>	<u>227,665</u>
Carrying amount					
At 31 October 2018	<u>3,282,914</u>	<u>24,818</u>	<u>-</u>	<u>7,581</u>	<u>3,315,313</u>
At 31 October 2017	<u>3,759,671</u>	<u>28,716</u>	<u>-</u>	<u>3,067</u>	<u>3,791,454</u>

Company

Cottages, apartments and other
freehold building

	£
Cost	
At 1 November 2017 and 31 October 2018	<u>240,000</u>
Depreciation and impairment	
At 1 November 2017	48,000
Depreciation charged in the year	<u>4,800</u>
At 31 October 2018	<u>52,800</u>
Carrying amount	
At 31 October 2018	<u>187,200</u>
At 31 October 2017	<u>192,000</u>

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

12 Investment property

	Group 2018 £	Company 2018 £
Fair value		
At 1 November 2017 and 31 October 2018	519,518	-

Investment property comprises of the Pendeen Hotel. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 October 2016 by the directors of the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

In November 2018 an independent professional valuation was obtained from Vickery Holman, Chartered Surveyors, which supported the above valuation.

13 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	14	-	-	1,324,101	1,324,101
Investments in associates		-	1	-	-
		-	1	1,324,101	1,324,101

Movements in fixed asset investments

Group	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 November 2017	1
Share issue	398,666
Disposals	(398,667)
At 31 October 2018	-
Carrying amount	
At 31 October 2018	-
At 31 October 2017	1

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

13 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
group
undertakings
£

Cost or valuation

At 1 November 2017 and 31 October 2018

1,324,101

Carrying amount

At 31 October 2018

1,324,101

At 31 October 2017

1,324,101

14 Subsidiaries

Details of the company's subsidiaries at 31 October 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Travelsmith Holidays Limited	England and Wales	Operation of leisure property and hotels	Ordinary	100.00	
Travelsmith Limited	England and Wales	Holidays to the Channel Islands	Ordinary	75.00	
Travelsmith (CI) Limited	England and Wales	Handling agency for holiday-makers	Ordinary	100.00	
Travelsmith Cornwall Limited	England and Wales	Dormant holding company for Travelsmith Lesiure Limited	Ordinary	100.00	
Travelsmith Leisure Limited	England and Wales	Property ownership	Ordinary	100.00	

15 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	73,796	83,477	-	-

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

16 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Work in progress	-	657,695	-	-
Finished goods and goods for resale	13,237	12,899	-	-
	<u>13,237</u>	<u>670,594</u>	<u>-</u>	<u>-</u>

17 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Amounts falling due within one year:				
Trade debtors	48,450	12,743	-	-
Unpaid share capital	14,560	140,455	-	-
Amounts owed by group undertakings	-	-	1,350,533	1,443,418
Other debtors	213,391	185,766	46,005	46,005
Prepayments and accrued income	88,558	37,271	-	-
	<u>364,959</u>	<u>376,235</u>	<u>1,396,538</u>	<u>1,489,423</u>

Amounts falling due after more than one year:

Other debtors	-	-	103,511	99,530
Deferred tax asset (note 22)	13,914	48,923	-	-
	<u>13,914</u>	<u>48,923</u>	<u>103,511</u>	<u>99,530</u>

Total debtors	<u>378,873</u>	<u>425,158</u>	<u>1,500,049</u>	<u>1,588,953</u>
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18 Current asset investments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Listed investments	<u>73,796</u>	<u>83,477</u>	<u>-</u>	<u>-</u>

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

19 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	21	1,686,262	1,778,034	720,524	583,913
Other borrowings	21	-	112,326	-	112,326
Trade creditors		486,680	446,989	780	-
Amounts owed to group undertakings		-	-	135,733	146,735
Amounts owed to undertakings in which the group has a participating interest		17,811	17,751	-	-
Corporation tax payable		-	49	-	-
Other taxation and social security		19,828	12,465	-	-
Other creditors		413,079	386,822	-	-
Accruals and deferred income		213,291	366,023	23,330	22,755
		<u>2,836,951</u>	<u>3,120,459</u>	<u>880,367</u>	<u>865,729</u>

The bank overdraft is secured by a cross guarantee given by Travelsmith Limited, Travelsmith Holidays Limited, Travelsmith Cornwall Limited and Travelsmith Investments Limited on the assets of these companies dated 31 October 2007.

Barclays Bank PLC hold a legal charge over the properties owned by Travelsmith Investments Limited and its subsidiaries.

20 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	21	-	411,242	-	-
Other borrowings	21	260,006	269,181	260,006	269,181
Other creditors		-	40,000	-	40,000
		<u>260,006</u>	<u>720,423</u>	<u>260,006</u>	<u>309,181</u>

The bank loan is secured as disclosed in note 19.

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

21 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	-	435,223	-	-
Bank overdrafts	1,686,262	1,754,053	720,524	583,913
Other loans	260,006	381,507	260,006	381,507
	<u>1,946,268</u>	<u>2,570,783</u>	<u>980,530</u>	<u>965,420</u>
Payable within one year	1,686,262	1,890,360	720,524	696,239
Payable after one year	<u>260,006</u>	<u>680,423</u>	<u>260,006</u>	<u>269,181</u>

The bank loan is secured as disclosed in note 19.

22 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 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
Group				
Tax losses	-	-	13,914	48,923
Revaluations	<u>42,432</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>42,432</u>	<u>-</u>	<u>13,914</u>	<u>48,923</u>

The deferred tax asset set out above is expected to reverse within the next couple of years and relates to the utilisation of tax losses against future expected profits of the same period.

The deferred tax asset relates to unutilised taxable losses, which can be offset against profits in future years.

The deferred tax liability has arisen from the difference in Travelsmith Leisure's property cost between the accounting cost of property and the taxable base cost at the substantively enacted rate.

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

23 Share capital

	Group and company	
	2018	2017
	£	£
Ordinary share capital		
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<u> </u>	<u> </u>
Issued and fully paid		
374,798 Ordinary shares of £1 each	374,798	374,798
	<u> </u>	<u> </u>

The company has one class of ordinary shares which carry no right to fixed income. Each ordinary share carries one voting right.

24 Reserves

Profit and loss reserves

The cumulative amount of goodwill arising from acquisitions in previous periods (net of any amounts relating to disposals) that has been written off directly to reserves amounts to £86,622 (2017: £105,862).

Retained earnings are fully distributable.

25 Disposals

On 1 November 2017 the group disposed of its 76% holding in Travelsmith Hotels Limited via a demerge where by wholly owned subsidiary Travelsmith Cornwall Limited undertook a share for share exchange with its shares in Travelsmith Hotels Limited for shares in Travelsmith Leisure Limited. Included in these financial statements are losses of £35,535 arising from the company's interests in Travelsmith Hotels Limited up to the date of its disposal.

26 Financial commitments, guarantees and contingent liabilities

At 31 October 2018 Barclays Bank Plc held cross guarantees from Travelsmith Investments Limited in respect of Travelsmith Holidays Limited, Travelsmith Cornwall Limited and Travelsmith Limited. This is in respect of security over group assets for the bank loan and overdrafts. At 31 October 2018 the total borrowings guaranteed were £221,510 (2017: £661,623) in addition to amounts disclosed in creditors note 19 in the parent company's balance sheet.

27 Controlling party

Throughout this and the previous year, there was no overall control held over Travelsmith Investments Limited.

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

28 Related party transactions

Intra-group transactions and balances are eliminated fully on consolidation.

Company

At the year end, included within creditors is an amount of £135,733 (2017: £146,735) owed to Travelsmith Limited, a subsidiary company.

Post year end the balance due to Travelsmith Limited from Travelsmith Holidays Limited and Travelsmith Investments Limited has been repaid in full.

29 Cash generated from group operations

	2018 £	2017 £
(Loss)/profit for the year after tax	(36,235)	272,252
Adjustments for:		
Taxation credited	(23,332)	-
Finance costs	12,632	43,263
Investment income	(6,939)	(2,863)
Gain on disposal of tangible fixed assets	(747)	-
Cost of disposal of fixed assets	1,111,825	-
Loss on disposal of business	35,535	-
Depreciation and impairment of tangible fixed assets	18,018	51,983
Amounts written off investments	9,681	(10,753)
Movements in working capital:		
Decrease/(increase) in stocks	657,357	(550,380)
Decrease in debtors	19,455	217,730
(Decrease)/increase in creditors	(216,636)	233,670
Cash generated from operations	1,580,614	254,902

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2018

30 Analysis of changes in net debt

	2018 £
Opening net debt	
Cash and cash equivalents	(270,950)
Loans	(816,730)
	<u>(1,087,680)</u>
Changes in net debt arising from:	
Cash flows of the entity	746,835
	<u>(340,845)</u>
Closing net debt	
Cash and cash equivalents	(80,839)
Loans	(260,006)
	<u>(340,845)</u>

31 Prior period adjustment

Changes to the balance sheet - company

	At 31 October 2017		
	As previously reported	Adjustment	As restated
	£	£	£
Fixed assets			
Tangible assets	-	192,000	192,000
Investment properties	250,000	(250,000)	-
Net assets	1,988,144	(58,000)	1,930,144
	<u>1,988,144</u>	<u>(58,000)</u>	<u>1,930,144</u>
Capital and reserves			
Profit and loss	1,608,346	(58,000)	1,550,346
Total equity	1,988,144	(58,000)	1,930,144
	<u>1,988,144</u>	<u>(58,000)</u>	<u>1,930,144</u>

Changes to the profit and loss account - company

	Period ended 31 October 2017		
	As previously reported	Adjustment	As restated
	£	£	£
Administrative expenses	(74,702)	(4,800)	(79,502)
Profit for the financial period	474,629	(4,800)	469,829
	<u>474,629</u>	<u>(4,800)</u>	<u>469,829</u>

TRAVELSMITH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

31 Prior period adjustment

(Continued)

Reconciliation of changes in equity - company

	Notes	1 November 2016 £	31 October 2017 £
Equity as previously reported		1,513,515	1,988,144
Adjustments to prior year			
Depreciation charge		-	(58,000)
Equity as adjusted		<u>1,513,515</u>	<u>1,930,144</u>

Reconciliation of changes in profit for the previous financial period

	Notes	2017 £
Profit as previously reported		474,629
Adjustments to prior year		
Depreciation charge		(4,800)
Profit as adjusted		<u>469,829</u>

Notes to reconciliation

Restatement of Investment Property

The Directors have early adopted the December 2017 version of FRS102. As a result of this the property let to group companies have been restated as property, plant and equipment. As this property is to be held at cost less depreciation the resulting adjustments are to reflect the cost less depreciation through the profit and loss reserve.