

Company registration number: 03974782

H.I.S. Europe Limited

Financial statements

31 July 2018

THURSDAY



A18 *A7GUFBI*
18/10/2018 #115
COMPANIES HOUSE

H.I.S. Europe Limited

Contents

| | Page |
|---|----------------|
| Directors and other information | 1 |
| Strategic report | 2 - 3 |
| Directors report | 4 - 5 |
| Independent auditor's report to the members | 6 - 8 |
| Statement of comprehensive income | 9 |
| Statement of financial position | 10 |
| Statement of changes in equity | 11 |
| Notes to the financial statements | 12 - 20 |

H.I.S. Europe Limited

Directors and other information

| | |
|--------------------------|---|
| Directors | Hideo Hatano John Opondo |
| Company number | 03974782 |
| Registered office | Augustine House 6A Austin Friars London EC2N 2HA |
| Business address | Augustine House 6A Austin Friars London EC2N 2HA |
| Auditor | BG Partnership 1st Floor 23 Princes Street London W1B 2LX |

H.I.S. Europe Limited

Strategic report Year ended 31 July 2018

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

Business review

The directors are satisfied with the results achieved during the year.

The key financial highlights are as follows:

| | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|-----------------------|-------------|-------------|-------------|
| Turnover (£) | 6,927,710 | 7,075,044 | 6,639,003 |
| Gross profit margin | 28% | 30% | 32% |
| Profit before tax (£) | 81,929 | 80,845 | 8,829 |

The company's activities are centred on the UK travel and tourism market. The UK travel and tourism market continue to be highly competitive and remains challenging. During the year the company relocated its business premises in the City of London. The company has continued to expand its corporate travel business.

The directors anticipate the underlying results for the coming year to improve in terms of bookings and profitability.

Financial risk management objectives and policies:

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The particular recognition methods adopted are disclosed in the individual accounting policy associated with each item.

The company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the company's business whilst managing its financial risks. The Board reviews and adopts policies for managing the financial risks and the company's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the company and the policy in respect of the major areas of treasury activity are set out as follows:-

Price and Foreign Currency Exchange Risk:

Due to the nature of the business, the company's inbound tour activities are subject to price and currency risks. During the year, price risks have been managed by negotiating future prices with major suppliers. Currency risks have been mitigated by invoicing its major customers in Sterling.

Market Risk:

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate, because of the changes in market prices. Market risk embodies not only the potential for losses, but also the potential for gain. It comprises interest rate risk, currency risk and other price risk. These are monitored by the directors and were not considered to be significant at the balance sheet date.

H.I.S. Europe Limited

Strategic report (continued)
Year ended 31 July 2018

Credit Risk:

The company has a credit rate policy in place and the exposure to credit risk is monitored on an ongoing basis to ensure that the company is exposed to minimal credit risk. Bank balances are placed with financial institutions of good standing. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. For this financial instrument, there is the risk that one party may cause a financial loss to the other party by failing to discharge and obligation.

This report was approved by the Board on 8 October 2018 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'John Opondo', written over a horizontal line.

John Opondo
Director

H.I.S. Europe Limited

Directors report Year ended 31 July 2018

The directors present their report and the financial statements of the company for the year ended 31 July 2018.

Directors

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

Hideo Hatano
John Opondo

The directors of the company had no interests in the shares of the company nor other group companies during the year or at the balance sheet date.

Dividends

Particulars of recommended dividends are detailed in note 11 to the financial statements.

Financial instruments

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The particular recognition methods adopted are disclosed in the individual accounting policy associated with each item.

Directors responsibilities statement

The directors are responsible for preparing the strategic report, directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

H.I.S. Europe Limited

Directors report (continued)
Year ended 31 July 2018

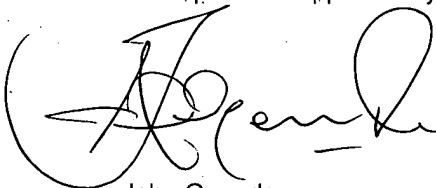
Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 8 October 2018 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'John Opondo', is written over a large, faint circular stamp or watermark.

John Opondo
Director

H.I.S. Europe Limited

Independent auditor's report to the members of

H.I.S. Europe Limited

Year ended 31 July 2018

Opinion

We have audited the financial statements of H.I.S. Europe Limited for the year ended 31 July 2018 which comprise the Statement of comprehensive income, statement of financial position, statement of changes in equity 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).

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 auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 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.

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 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

H.I.S. Europe Limited

Independent auditor's report to the members of H.I.S. Europe Limited (continued) Year ended 31 July 2018

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.

Opinions on other matters 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 for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and the 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 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 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.

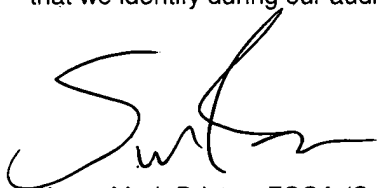
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. we also:

H.I.S. Europe Limited

**Independent auditor's report to the members of
H.I.S. Europe Limited (continued)
Year ended 31 July 2018**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Simon Mark Bristow FCCA (Senior Statutory Auditor)

For and on behalf of
BG Partnership
Chartered Certified Accountants and Statutory Auditors
1st Floor
23 Princes Street
London
W1B 2LX

11th October 2018

H.I.S. Europe Limited

**Statement of comprehensive income
Year ended 31 July 2018**

| | Note | 2018 £ | 2017 £ |
|---|-------------|-------------------|-------------------|
| Turnover | 4 | 6,927,710 | 7,075,044 |
| Cost of sales | | (5,010,665) | (4,936,675) |
| Gross profit | | 1,917,045 | 2,138,369 |
| Administrative expenses | | (1,851,369) | (2,077,209) |
| Operating profit | 5 | 65,676 | 61,160 |
| Other interest receivable and similar income | 9 | 16,253 | 19,685 |
| Profit before taxation | | 81,929 | 80,845 |
| Tax on profit | 10 | (20,736) | (21,762) |
| Profit for the financial year and total comprehensive income | | <u>61,193</u> | <u>59,083</u> |

All the activities of the company are from continuing operations.

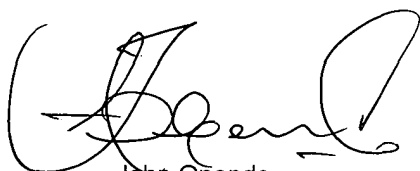
The notes on pages 12 to 20 form part of these financial statements.

H.I.S. Europe Limited

Statement of financial position 31 July 2018

| | Note | 2018 £ | £ | 2017 £ | £ |
|---|------|-------------|-----------|-------------|-----------|
| Fixed assets | | | | | |
| Tangible assets | 12 | 34,530 | | 43,814 | |
| | | | 34,530 | | 43,814 |
| Current assets | | | | | |
| Debtors | 13 | 2,683,752 | | 2,720,666 | |
| Cash at bank and in hand | | 3,295,662 | | 3,363,920 | |
| | | 5,979,414 | | 6,084,586 | |
| Creditors: amounts falling due within one year | 14 | (2,795,474) | | (2,943,223) | |
| Net current assets | | | 3,183,940 | | 3,141,363 |
| Total assets less current liabilities | | | 3,218,470 | | 3,185,177 |
| Provisions for liabilities | 15 | | (2,376) | | (1,277) |
| Net assets | | | 3,216,094 | | 3,183,900 |
| Capital and reserves | | | | | |
| Called up share capital | 18 | | 100,000 | | 100,000 |
| Profit and loss account | | | 3,116,094 | | 3,083,900 |
| Shareholders funds | | | 3,216,094 | | 3,183,900 |

These financial statements were approved by the board of directors and authorised for issue on 8 October 2018, and are signed on behalf of the board by:



John Opondo
Director

Company registration number: 03974782

The notes on pages 12 to 20 form part of these financial statements.

H.I.S. Europe Limited

**Statement of changes in equity
Year ended 31 July 2018**

| | Called up share capital | Profit and loss account | Total |
|---|-------------------------------|-------------------------------|--------------|
| | £ | £ | £ |
| At 1 August 2016 | 100,000 | 3,024,817 | 3,124,817 |
| Profit for the year | | 59,083 | 59,083 |
| Total comprehensive income for the year | - | 59,083 | 59,083 |
| At 31 July 2017 and 1 August 2017 | 100,000 | 3,083,901 | 3,183,901 |
| Profit for the year | | 61,193 | 61,193 |
| Total comprehensive income for the year | - | 61,193 | 61,193 |
| Dividends paid and payable | | (29,000) | (29,000) |
| Total investments by and distributions to owners | - | (29,000) | (29,000) |
| At 31 July 2018 | 100,000 | 3,116,094 | 3,216,094 |

H.I.S. Europe Limited

Notes to the financial statements Year ended 31 July 2018

1. General information

The company is a private company limited by shares, registered in England & Wales. The address of the registered office is Augustine House, 6A Austin Friars, London, EC2N 2HA.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The company is a wholly owned subsidiary of HIS Co Ltd, a company incorporated in Japan. HIS Co Ltd produces publicly available consolidated financial statements in which the cash flows of the company are included. Accordingly, under the provisions of FRS 102, the company is exempt from publishing a cash flow statement.

Additionally, the company has taken advantage of the exemption granted by FRS 102 not to disclose related party transactions with HIS Co Ltd and other group companies.

Turnover

Commissions from the sale of airline tickets are recognised on the date of the corresponding flight's departure whilst flight booking fees are recognised at the time of booking.

Revenue from the sale of rental accommodation is recognised on the date that the customer "checks in" to the premises.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

H.I.S. Europe Limited

Notes to the financial statements (continued) Year ended 31 July 2018

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

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

| | |
|----------------------------------|------------------------------------|
| Short leasehold property | - Straight line over life of lease |
| Plant and machinery | - 20% to 25% Straight line |
| Fixtures, fittings and equipment | - Straight line over life of lease |

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

H.I.S. Europe Limited

Notes to the financial statements (continued) Year ended 31 July 2018

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

H.I.S. Europe Limited

Notes to the financial statements (continued) **Year ended 31 July 2018**

4. Turnover

Turnover arises from:

| | 2018 | 2017 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Rendering of services | 6,927,710 | 7,075,044 |
| | <u>6,927,710</u> | <u>7,075,044</u> |

Turnover comprises of income from sales of bespoke tour arrangements and commissions earned on the sales of business and leisure travel. Turnover relates principally to the United Kingdom and excludes value added tax.

The gross invoiced amount (Total Transaction Value) of services provided is £16,212,891 (2017: £15,862,143)

5. Operating profit

Operating profit is stated after charging/(crediting):

| | 2018 | 2017 |
|--|----------------|----------------|
| | £ | £ |
| Depreciation of tangible assets | 43,975 | 45,326 |
| Operating lease rentals | 168,232 | 214,785 |
| Foreign exchange differences | 11,784 | 6,956 |
| Fees payable for the audit of the financial statements | 19,500 | 19,500 |
| Fees payable for non-audit services | 2,750 | 2,600 |
| | <u>236,231</u> | <u>289,167</u> |

6. Auditors remuneration

| | 2018 | 2017 |
|--|---------------|---------------|
| | £ | £ |
| Fees payable to BG Partnership | | |
| Fees payable for the audit of the financial statements | 19,500 | 19,500 |
| Fees payable to the company's auditor and its associates for other services: | | |
| Other non-audit services | 2,750 | 2,600 |
| | <u>22,250</u> | <u>22,100</u> |

H.I.S. Europe Limited

Notes to the financial statements (continued) Year ended 31 July 2018

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

| | 2018 | 2017 |
|----------------------|------|------|
| Administrative staff | 40 | 41 |

The aggregate payroll costs incurred during the year were:

| | 2018 | 2017 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,030,689 | 1,104,820 |
| Social security costs | 69,793 | 73,007 |
| Other pension costs | 32,254 | 33,730 |
| | <u>1,132,736</u> | <u>1,211,557</u> |

8. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

| | 2018 | 2017 |
|--------------|---------------|---------------|
| | £ | £ |
| Remuneration | <u>86,973</u> | <u>82,771</u> |

No pension contributions were made on behalf of the directors.

9. Other interest receivable and similar income

| | 2018 | 2017 |
|---------------|---------------|---------------|
| | £ | £ |
| Bank deposits | <u>16,253</u> | <u>19,685</u> |

H.I.S. Europe Limited

Notes to the financial statements (continued) Year ended 31 July 2018

10. Tax on profit

Major components of tax expense

| | 2018 £ | 2017 £ |
|--|---------------|---------------|
| Current tax: | | |
| UK current tax expense | 19,637 | 22,970 |
| Deferred tax: | | |
| Origination and reversal of timing differences | 1,099 | (1,208) |
| Tax on profit | <u>20,736</u> | <u>21,762</u> |

Reconciliation of tax expense

The tax assessed on the profit for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.67%).

| | 2018 £ | 2017 £ |
|--|---------------|---------------|
| Profit before taxation | 81,929 | 80,845 |
| Profit multiplied by rate of tax | 15,567 | 15,902 |
| Effect of expenses not deductible for tax purposes | 5,169 | 5,819 |
| Movement in tax rate differences | - | 41 |
| Tax on profit | <u>20,736</u> | <u>21,762</u> |

11. Dividends

Equity dividends

| | 2018 £ | 2017 £ |
|---|---------------|---------------|
| Dividends paid during the year (excluding those for which a liability existed at the end of the prior year) | 29,000 | - |
| Dividends proposed after the year end and not recognised as a liability | <u>30,000</u> | <u>29,000</u> |

H.I.S. Europe Limited

Notes to the financial statements (continued) Year ended 31 July 2018

12. Tangible assets

| | Short leasehold property £ | Plant and machinery £ | Fixtures, fittings and equipment £ | Total £ |
|------------------------|-------------------------------------|-----------------------------|---|----------------|
| Cost | | | | |
| At 1 August 2017 | 39,405 | 382,452 | 224,614 | 646,471 |
| Additions | 27,459 | 7,231 | - | 34,690 |
| Disposals | (39,405) | (240,540) | (135,312) | (415,257) |
| At 31 July 2018 | <u>27,459</u> | <u>149,143</u> | <u>89,302</u> | <u>265,904</u> |
| Depreciation | | | | |
| At 1 August 2017 | 35,009 | 351,888 | 215,759 | 602,656 |
| Charge for the year | 18,126 | 16,994 | 8,855 | 43,975 |
| Disposals | (39,405) | (240,540) | (135,312) | (415,257) |
| At 31 July 2018 | <u>13,730</u> | <u>128,342</u> | <u>89,302</u> | <u>231,374</u> |
| Carrying amount | | | | |
| At 31 July 2018 | <u>13,729</u> | <u>20,801</u> | <u>-</u> | <u>34,530</u> |
| At 31 July 2017 | <u>4,396</u> | <u>30,564</u> | <u>8,855</u> | <u>43,815</u> |

13. Debtors

| | 2018 £ | 2017 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 421,084 | 407,623 |
| Amounts owed by group undertakings | 782,189 | 625,614 |
| Prepayments and accrued income | 1,327,998 | 1,437,923 |
| Other debtors | 152,481 | 249,506 |
| | <u>2,683,752</u> | <u>2,720,666</u> |

14. Creditors: amounts falling due within one year

| | 2018 £ | 2017 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 1,339,475 | 1,360,238 |
| Amounts owed to group undertakings | 23,172 | 40,165 |
| Accruals and deferred income | 1,373,735 | 1,483,073 |
| Corporation tax | 19,637 | 22,855 |
| Social security and other taxes | 28,221 | 24,683 |
| Other creditors | 11,234 | 12,209 |
| | <u>2,795,474</u> | <u>2,943,223</u> |

H.I.S. Europe Limited

Notes to the financial statements (continued) Year ended 31 July 2018

15. Provisions

| | Deferred tax (note 16) | Total |
|----------------------------|---------------------------|--------------|
| | £ | £ |
| At 1 August 2017 | 1,277 | 1,277 |
| Charges against provisions | 1,099 | 1,099 |
| At 31 July 2018 | 2,376 | 2,376 |

16. Deferred tax

The deferred tax included in the statement of financial position is as follows:

| | 2018 | 2017 |
|----------------------------------|-------|-------|
| | £ | £ |
| Included in provisions (note 15) | 2,376 | 1,277 |

The deferred tax account consists of the tax effect of timing differences in respect of:

| | 2018 | 2017 |
|--------------------------------|--------------|--------------|
| | £ | £ |
| Accelerated capital allowances | 2,861 | 3,477 |
| Pension contribution | (485) | (507) |
| Other differences | - | (1,693) |
| | 2,376 | 1,277 |

17. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £32,254 (2017: £33,730).

18. Called up share capital

Issued, called up and fully paid

| | 2018 | | 2017 | |
|--------------------------------|---------|---------|---------|---------|
| | No | £ | No | £ |
| Ordinary shares of £ 1.00 each | 100,000 | 100,000 | 100,000 | 100,000 |

H.I.S. Europe Limited

Notes to the financial statements (continued) Year ended 31 July 2018

19. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2018 £ | 2017 £ |
|--|----------------|---------------|
| Not later than 1 year | 98,664 | 47,500 |
| Later than 1 year and not later than 5 years | 9,936 | 16,248 |
| | <u>108,600</u> | <u>63,748</u> |

20. Controlling party

The company is a wholly owned subsidiary of HIS Travel Nederland BV, a company incorporated in The Netherlands. However, in the opinion of the directors, the company's ultimate parent company and controlling entity is HIS Company Ltd, a company incorporated in Japan. HIS Company Ltd is the ultimate parent undertaking of the only group which includes the company, and for which group accounts are prepared. Copies of the group financial statements of HIS Company Ltd are available from HIS Company Ltd, 6-2-18, Nishishinjuku, Shinjuku-ku, Tokyo, Japan.