

**Strategic Report, Report of the Director and  
Financial Statements for the Year Ended 31 December 2016**  
**for**  
**Viking River Cruises UK Limited**



**Viking River Cruises UK Limited**  
**Company Information**  
**for the Year Ended 31 December 2016**

**DIRECTOR:** W C Atkin-Smith

**SECRETARY:** J Richards

**REGISTERED OFFICE:** Nelsons House  
83 Wimbledon Park Side  
London  
SW19 5LP

**REGISTERED NUMBER:** 01283655 (England and Wales)

**INDEPENDENT AUDITORS:** White Hart Associates (London) Limited  
Chartered Accountants and Statutory Auditors  
East House  
109 South Worple Way  
London  
SW14 8TN

**Strategic Report  
for the Year Ended 31 December 2016**

The director presents her strategic report for the year ended 31 December 2016.

**REVIEW OF BUSINESS AND ANALYSIS OF PERFORMANCE**

The company's 2016 results were a net profit after tax of £1,496,384 (as compared to £1,195,326 in 2015), on turnover of £97,012,098 and cost of sales of £86,415,289, for a gross profit of £10,596,809, representing an increase of £854,491 over 2015's gross profit.

The overall increase in gross profit is attributable to the rapid expansion of the ocean product as well as a strengthening of the core river cruise sales. Despite increased competition in the UK market for river and ocean cruising, the company is expecting further growth in future years due to increased capacity as a result of the launch of new ships. Additionally, the company is looking to continue to establish market presence as part of the Viking Group.

The company benefits from sales to geographically diverse locations, and as such would feel that its exposure to geographical disruption is minimised. The company experiences significant repeat business, and also benefits from significant forward visibility on its cruise bookings, compared to more mass market tour operators.

Total administration expenses were £8,661,616, as compared to 2015 administration expenses of £8,217,857.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The total value of the financial assets and liabilities are as per the Statement of Financial Position and the corresponding notes. None of these have been reclassified in the year.

**Regulatory risk**

The company is exposed to various regulators, including the Civil Aviation Authority ("CAA"), which issues an Air Travel Organisers Licence ("ATOL") which is required in order for the company to operate. This licence is renewed in September each year and is subject to assessments of fitness and financial criteria, the framework of which is available on the CAA website ([www.caa.co.uk](http://www.caa.co.uk)).

**Credit risk**

Due to the nature of the company's business whereby individual customers are required to pay for their holiday in full before they are allowed to travel, credit risk is considered to be low. In the case of sales through travel agents and wholesalers whereby payment may be received after the travel date, ongoing business relationships mean that chasing debts is significantly easier and controls have been put in place to ensure that debts are chased when they are due.

**Liquidity risk**

The company monitors its liquidity risk by closely monitoring the projected cash flows from operations. Risk management includes maintaining sufficient cash and the company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Due to the dynamic and seasonal nature of the underlying business, the company maintains sufficient cash for its daily operations via short term cash deposits at banks.

**Market risk**

The company is exposed to currency risk as it regularly trades in Euros and US dollars. In order to reduce this risk the company monitors the exchange rate and uses Euro and US dollar bank accounts.

**Interest rate risk**

Interest rate risk is considered less of an issue for the company as it is not reliant upon receiving interest in order to continue trading and also because it does not have any loans susceptible to changes in interest rates.

**ON BEHALF OF THE BOARD:**



.....  
J Richards - Secretary

Date: 30 MAY 2017

**Report of the Director  
for the Year Ended 31 December 2016**

The director presents her report with the financial statements of the Company for the year ended 31 December 2016.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a specialist tour operator.

The company is a fully owned subsidiary of Viking River Cruises (Bermuda) Ltd, a company incorporated in Bermuda, which is a wholly owned subsidiary of Viking River Cruises Ltd, a company also incorporated in Bermuda, which itself is a subsidiary of Viking Cruises Ltd, another company incorporated in Bermuda.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2016.

**FUTURE DEVELOPMENTS**

The company's parent continues with its growth plan and its continued ship building programme. Two additional river cruise ships were added to its fleet in Spring 2017 and it will double its ocean fleet in 2017 with a further two ocean ships. Additional ocean ships join the fleet in 2018, 2019 and 2020 ensuring that the company has access to increased capacity and potential to grow in future years. The company will continue with its marketing and retention strategy to ensure growth opportunities are maximised in its market.

**DIRECTOR**

W C Atkin-Smith held office during the whole of the period from 1 January 2016 to the date of this report.

**DISCLOSURE IN THE STRATEGIC REPORT**

The director has provided commentary for the Review of Business and Analysis of Performance as well as the Principal Risks and Uncertainties in the Strategic Report in line with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the director must not approve the financial statements unless she is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 her to ensure that the financial statements comply with the Companies Act 2006. She is 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.

The director is also responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and she has taken all the steps that she ought to have taken as a director in order to make herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Report of the Director  
for the Year Ended 31 December 2016

**AUDITORS**

The auditors, White Hart Associates (London) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
J Richards - Secretary

Date: 30 MAY 2017

**Report of the Independent Auditors to the Members of  
Viking River Cruises UK Limited**

We have audited the financial statements of Viking River Cruises UK Limited for the year ended 31 December 2016 on pages six to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of director and auditors**

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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Director to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

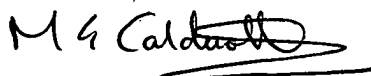
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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



M S Caldicott ACA FCCA CTA (Senior Statutory Auditor)  
for and on behalf of White Hart Associates (London) Limited  
Chartered Accountants and Statutory Auditors  
East House  
109 South Worple Way  
London  
SW14 8TN

Date: 30 May 2017

**Statement of Profit or Loss  
for the Year Ended 31 December 2016**

	Notes	2016 £	2015 £
<b>CONTINUING OPERATIONS</b>			
Revenue		97,012,098	78,641,974
Cost of sales		<u>(86,415,289)</u>	<u>(68,899,656)</u>
<b>GROSS PROFIT</b>		10,596,809	9,742,318
Administrative expenses		<u>(8,661,616)</u>	<u>(8,217,857)</u>
<b>OPERATING PROFIT</b>		1,935,193	1,524,461
Finance costs	4	(112,500)	(112,500)
Finance income	4	<u>51,320</u>	<u>88,867</u>
<b>PROFIT BEFORE INCOME TAX</b>	5	1,874,013	1,500,828
Income tax	6	<u>(377,629)</u>	<u>(305,502)</u>
<b>PROFIT FOR THE YEAR</b>		<u><u>1,496,384</u></u>	<u><u>1,195,326</u></u>

The notes form part of these financial statements

**Viking River Cruises UK Limited (Registered number: 01283655)**

**Statement of Profit or Loss and Other Comprehensive Income  
for the Year Ended 31 December 2016**

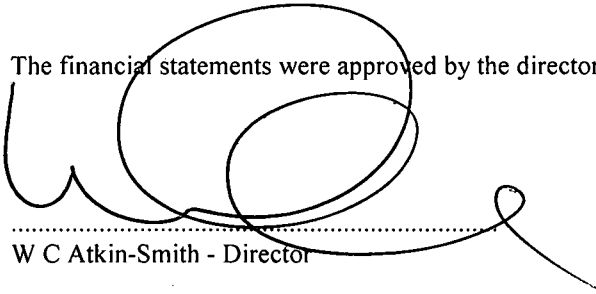
	2016 £	2015 £
<b>PROFIT FOR THE YEAR</b>	1,496,384	1,195,326
<b>OTHER COMPREHENSIVE INCOME</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>1,496,384</u>	<u>1,195,326</u>

The notes form part of these financial statements

Statement of Financial Position  
31 December 2016

	Notes	2016 £	2015 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	7	-	6,667
Property, plant and equipment	8	304,685	285,239
		<u>304,685</u>	<u>291,906</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	9	38,903,617	21,391,493
Cash and cash equivalents	10	6,719,397	12,531,953
		<u>45,623,014</u>	<u>33,923,446</u>
<b>TOTAL ASSETS</b>		<u><u>45,927,699</u></u>	<u><u>34,215,352</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	11	50,000	50,000
Retained earnings	12	7,193,289	5,696,905
<b>TOTAL EQUITY</b>		<u><u>7,243,289</u></u>	<u><u>5,746,905</u></u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax	15	36,401	28,459
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	38,469,270	28,306,941
Tax payable		178,739	133,047
		<u>38,648,009</u>	<u>28,439,988</u>
<b>TOTAL LIABILITIES</b>		<u><u>38,684,410</u></u>	<u><u>28,468,447</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>45,927,699</u></u>	<u><u>34,215,352</u></u>

The financial statements were approved by the director on 30 MAY 2017 and were signed by:

  
W C Atkin-Smith - Director

Statement of Changes in Equity  
for the Year Ended 31 December 2016

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2015	50,000	4,501,579	4,551,579
Changes in equity			
Total comprehensive income	-	1,195,326	1,195,326
Balance at 31 December 2015	<u>50,000</u>	<u>5,696,905</u>	<u>5,746,905</u>
Changes in equity			
Total comprehensive income	-	1,496,384	1,496,384
Balance at 31 December 2016	<u><u>50,000</u></u>	<u><u>7,193,289</u></u>	<u><u>7,243,289</u></u>

**Statement of Cash Flows  
for the Year Ended 31 December 2016**

		2016 £	2015 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	20	(6,172,178)	(3,501,154)
Interest paid		(112,500)	(112,500)
Tax paid		(323,995)	(574,803)
		<hr/>	<hr/>
Net cash from operating activities		(6,608,673)	(4,188,457)
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(137,488)	(165,011)
Interest received		51,320	88,867
		<hr/>	<hr/>
Net cash from investing activities		(86,168)	(76,144)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
(Increase)/decrease in group receivables		(1,266,514)	(6,324,040)
(Decrease)/increase in group payables		2,145,401	(532,519)
		<hr/>	<hr/>
Net cash from financing activities		878,887	(6,856,559)
		<hr/>	<hr/>
<b>Decrease in cash and cash equivalents</b>		(5,815,954)	(11,121,160)
<b>Cash and cash equivalents at beginning of year</b>	21	12,531,953	23,865,101
Effect of foreign exchange rate changes		3,398	(211,988)
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	21	6,719,397	12,531,953
		<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

**Notes to the Financial Statements  
for the Year Ended 31 December 2016**

**1. STATUTORY INFORMATION**

Viking River Cruises UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

**Revenue recognition**

Revenue is recognised in the income statement when, and to the extent that, the company obtains the right to consideration in exchange for its performance under its contracts - i.e. when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at fair value of the right to consideration, which represents amounts chargeable to customers, including expenses and disbursements but excluding value added tax.

The company regularly makes travel reservations for its customers that relate to trips that will occur after the year end. Client monies received at the statement of financial position date relating to trips occurring after the year end are deferred and included in trade and other payables. Cruise revenue is recognised pro rata over the cruise period. Travel agency commissions and other revenues received from the sale of third party products are recognised when they are earned.

From time to time, the Group may issue future cruise credits ("FCC") to passengers who have experienced a delay or disruption in their trips, which they can apply to a future booking as payment. Management performs an assessment on the redemption rates of issued FCC's stratified by value and reason for issue based on historical experience. These redemption rates are then applied to the total FCC's issued stratified by value and reason for issuance and an accrued liability is recorded as a reduction to cruise revenue when they are issued. As these FCC's generally expire within a year, the liability established is released if not redeemed by expiration date, and is recorded as an increase to cruise revenue.

**Computer software development**

The company is developing its own sophisticated CRM software and all directly attributable expenditure in relation to this has been capitalised as an intangible asset. The costs are being amortised over their estimated economic life of 3 years and the amortisation is being charged to the statement of profit or loss. The amortisation period and the potential for any impairment are reviewed at least at each financial year end.

**Property, plant and equipment**

Improvements to Property, Fixtures, Fittings and Equipment and Computer Equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be operating in the manner intended by the company's management. Improvements to Property, Fixtures, Fittings and Equipment and Computer Equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is provided at the following annual rates to write off each asset over its estimated useful life:

Improvements to property	- over the lease term
Fixtures, fittings and equipment	- 15% on cost / over 3 years
Computer equipment	- over 3 or 4 years

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

2. ACCOUNTING POLICIES - continued

**Financial instruments**

Financial assets and liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial assets include cash and cash equivalents, trade receivables, other receivables, loans and derivative financial instruments. Those relevant to the company are trade and other receivables, which are recorded at their nominal amount less an allowance for any doubtful debts, and cash and cash equivalents which are also recorded at their nominal amount. These financial assets are classified as loans and receivables and so are carried at amortised cost. Gains and losses are recognised in the statement of profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Financial liabilities include trade and other payables, accruals, finance debt and derivative instruments. Those relevant to the company are trade and other payables and accruals which are stated at their nominal value. These financial liabilities are initially recognised at fair value and are then subsequently measured at amortised cost. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised in the statement of profit or loss.

Equity instruments issued by the company are recorded at the proceeds received net of direct issue costs.

**Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the statement of profit or loss on a straight line basis over the period of the lease.

**Employee benefit costs**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the statement of profit or loss in the period to which they relate.

**Use of estimates**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised. The effect of the use of estimates in these financial statements is not material.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

3. **EMPLOYEES AND DIRECTORS**

	2016	2015
	£	£
Wages and salaries	3,443,802	3,050,617
Social security costs	361,771	311,249
Other pension costs	50,033	43,009
	<u>3,855,606</u>	<u>3,404,875</u>

The average monthly number of employees during the year was as follows:

	2016	2015
Sales and administration	<u>79</u>	<u>81</u>

	2016	2015
	£	£
Director's remuneration	232,148	260,446
Director's pension contributions to money purchase schemes	<u>3,600</u>	<u>3,600</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2016	2015
	£	£
Emoluments etc	232,148	260,446
Pension contributions to money purchase schemes	<u>3,600</u>	<u>3,600</u>

No share options were received or exercised by the director, and no shares were received or receivable by the director in respect of qualifying services under a long term initiative scheme.

Included in the director's emoluments figure above are the monetary value of benefits in kind provided amounting to £1,062 (2015 - £782).

4. **NET FINANCE COSTS**

	2016	2015
	£	£
Finance income:		
Deposit account interest	<u>51,320</u>	<u>88,867</u>
Finance costs:		
Other interest payable	<u>112,500</u>	<u>112,500</u>
Net finance costs	<u>61,180</u>	<u>23,633</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

5. **PROFIT BEFORE INCOME TAX**

The profit before income tax is stated after charging:

	2016	2015
	£	£
Cost of inventories recognised as expense	86,415,289	68,899,656
Hire of plant and machinery	85,038	52,035
Other operating leases	180,776	183,206
Depreciation - owned assets	118,042	97,102
Computer software amortisation	6,667	210,967
Auditors' remuneration	30,167	33,303
Foreign exchange differences	18,775	233,759
	<u>377,629</u>	<u>305,502</u>

Included in the figure for auditors' remuneration above is an amount paid to the group auditors amounting to £3,367 (2015 - £6,803).

6. **INCOME TAX**

**Analysis of tax expense**

	2016	2015
	£	£
Current tax:		
Tax	369,687	330,070
Deferred tax	7,942	(24,568)
Total tax expense in statement of profit or loss	<u>377,629</u>	<u>305,502</u>

**Factors affecting the tax expense**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	£	£
Profit before income tax	<u>1,874,013</u>	<u>1,500,828</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	374,803	300,166
Effects of:		
Expenses not deductible for tax purposes	4,159	3,841
Capital allowances for period in excess of depreciation	(9,275)	-
Depreciation for period in excess of depreciation	-	26,063
Movement in deferred taxation	7,942	(24,568)
Tax expense	<u>377,629</u>	<u>305,502</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

7. INTANGIBLE ASSETS

	Computer software £
<b>COST</b>	
At 1 January 2016 and 31 December 2016	441,545
<b>AMORTISATION</b>	
At 1 January 2016	434,878
Amortisation for year	6,667
At 31 December 2016	441,545
<b>NET BOOK VALUE</b>	
At 31 December 2016	-
At 31 December 2015	6,667

8. PROPERTY, PLANT AND EQUIPMENT

	Improvements to property £	Fixtures, fittings & equipment £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2016	260,112	135,168	560,276	955,556
Additions	85,185	-	52,303	137,488
At 31 December 2016	345,297	135,168	612,579	1,093,044
<b>DEPRECIATION</b>				
At 1 January 2016	214,863	126,497	328,957	670,317
Charge for year	20,956	3,341	93,745	118,042
At 31 December 2016	235,819	129,838	422,702	788,359
<b>NET BOOK VALUE</b>				
At 31 December 2016	109,478	5,330	189,877	304,685
At 31 December 2015	45,249	8,671	231,319	285,239

The depreciation charged in respect of improvements to property is over the rental term of each property.

9. TRADE AND OTHER RECEIVABLES

	2016 £	2015 £
Current:		
Trade debtors	20,670	29,844
Amounts owed by group undertakings	12,134,724	8,618,210
Other debtors	948,274	500
Staff loans	4,802	5,152
VAT	524,641	248,933
Prepayments and accrued income	25,270,506	12,488,854
	38,903,617	21,391,493

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

10. CASH AND CASH EQUIVALENTS

	2016	2015
	£	£
Cash in hand	3,935	2,146
Bank accounts	6,715,462	12,529,807
	<u>6,719,397</u>	<u>12,531,953</u>

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2016	2015
Number:	Class:	Nominal value:	£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

The ordinary shares of £1 each carry full voting rights, full dividend rights and full rights to participation in any capital distribution on winding up.

12. RESERVES

	Retained earnings £
At 1 January 2016	5,696,905
Profit for the year	1,496,384
At 31 December 2016	<u>7,193,289</u>

13. TRADE AND OTHER PAYABLES

	2016	2015
	£	£
Current:		
Payments on account	28,731,072	23,069,413
Trade creditors	1,277,523	1,126,505
Amounts owed to group undertakings	6,965,340	2,569,939
Social security and other taxes	159,639	190,073
Other creditors	757,764	897,546
Accruals and deferred income	577,932	453,465
	<u>38,469,270</u>	<u>28,306,941</u>

Included above in amounts owed to group undertakings is the sum of £2,250,000 (2015 - £2,250,000) in respect of a loan that is subordinated to the Civil Aviation Authority and cannot be withdrawn or repaid without their prior written consent.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016	2015
	£	£
Within one year	267,207	263,930
Between one and five years	815,245	1,021,617
In more than five years	85,196	129,646
	<u>1,167,648</u>	<u>1,415,193</u>

Lease expenses during the year amounted to £265,814 (2015 - £235,241) representing the minimum lease payments.

The company leases two office buildings and also has two significant lease agreements in respect of office equipment. The first office lease has a non-cancellable term of 5 years ending in 2020. The second office lease has a non-cancellable term of 10 years ending in 2023. The office equipment leases both have non-cancellable terms of 5 years ending in 2020 and 2021 respectively.

15. DEFERRED TAX

	2016	2015
	£	£
Balance at 1 January	28,459	53,027
Accelerated capital allowances	7,942	(24,568)
	<u>36,401</u>	<u>28,459</u>

16. CONTINGENT LIABILITIES

At 31 December 2016, there were contingent liabilities outstanding in respect of counter indemnities and guarantees given by the company, in the normal course of business, to the company's bond insurance obligors in respect of Civil Aviation Authority and Association of British Travel Agents bonds amounting to £14,959,167 (2015 - £14,026,465).

In respect of the Civil Aviation Authority ATOL bond, the company has paid a deposit of £947,515 to the bond obligors which is secured by a fixed charge dated 25 November 2016, secured over present and future assets of the company, and registered at Companies House on 30 November 2016. The deposit is included in other debtors (see note 9) at 31 December 2016.

17. CAPITAL COMMITMENTS

At 31 December 2016, the company had a capital commitment in respect of Improvements to Property, which was contracted for but not provided in these financial statements, amounting to £251,266.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

18. RELATED PARTY DISCLOSURES

As at 31 December 2016, the company was owed £2,384,758 (2015 - £3,330,880) by Viking River Tours Ltd (incorporated in Bermuda), a fellow subsidiary, in respect of the use of cruise ships, netted against the reimbursement of advertising costs incurred in the year and transfers between the two companies. The total purchases from Viking River Tours Ltd in the year amounted to £55,055,673 (2015 - £52,471,076).

Also, Viking River Tours Ltd (incorporated in Bermuda) has provided the company with loans totalling £2,250,000. As at the statement of financial position date, the full amounts were outstanding (2015 - £2,250,000). These loans incur interest at 5% per annum (£112,500 - see note 3) and were provided to ensure that the company met its bonding requirements. These loans are subordinated to the Civil Aviation Authority and cannot be withdrawn or repaid without their prior written consent.

Also, the company owed £315,327 (2015 - £49,184) to Viking River Cruises Inc, a fellow subsidiary, in respect of intercompany expenses.

Also, the company was owed £Nil (2015 - £13,850) by Viking River Cruises (Bermuda) Ltd, its immediate holding company, in respect of intercompany expenses.

Also, the company owed £5,185 (2015 - £1,264) to Viking River Cruises AG, a fellow subsidiary, in respect of intercompany expenses.

Also, the company was owed £321,615 (2015 - £8,740) by Viking Catering AG, a fellow subsidiary, in respect of intercompany expenses.

Also, the company was owed £55,256 (2015 - £12,688) by Viking Ocean Cruises Finance Limited, a fellow subsidiary, in respect of intercompany expenses.

Also, the company was owed £9,317,864 (2015 - £5,232,647) by Viking Cruises Limited, a fellow subsidiary, in respect of intercompany expenses.

Also, the company owed £3,323,119 (2015 - £269,491) to Viking Ocean Cruises Limited, a fellow subsidiary, in respect of intercompany expenses and customer deposits. The total purchases from Viking Ocean Cruises Limited in the year amounted to £5,656,036 (2015 - £2,430,471).

Also, the company was owed £23,230 (2015 - £19,405) by Viking Capital Limited, a fellow subsidiary, in respect of intercompany expenses.

Also, the company owed £1,071,709 (2015 - £Nil) to Viking Ocean Cruises II Limited, a fellow subsidiary, in respect of intercompany expenses and customer deposits. The total purchases from Viking Ocean Cruises II Limited in the year amounted to £5,523,748 (2015 - £Nil)

Also, the company was owed £32,001 (2015 - £Nil) from Viking Cruises USA, a fellow subsidiary, in respect of intercompany expenses.

None of the transactions above incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash or by an intercompany offset agreement.

19. ULTIMATE CONTROLLING PARTY

The whole of the company's issued share capital is owned by Viking River Cruises (Bermuda) Ltd, a company registered in Bermuda, following a migration from Viking River Cruises SA, a company incorporated in Luxembourg. Viking River Cruises (Bermuda) Ltd is a wholly owned subsidiary of Viking River Cruises Ltd, another company incorporated in Bermuda, which is itself a subsidiary of Viking Cruises Ltd, another company incorporated in Bermuda. Viking Cruises Ltd is a wholly owned subsidiary of MISA Investments Ltd, a company incorporated in Bermuda.

The financial statements will be consolidated into the parent company's financial statements and copies can be obtained from Viking River Cruises Ltd, Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

20. **RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	2016	2015
	£	£
Profit before income tax	1,874,013	1,500,828
Depreciation charges	124,709	308,070
Foreign exchange losses	18,775	233,759
Finance costs	112,500	112,500
Finance income	(51,320)	(88,867)
	<u>2,078,677</u>	<u>2,066,290</u>
Increase in trade and other receivables	(13,995,610)	(9,587,603)
Increase in trade and other payables	5,744,755	4,020,159
	<u>(6,172,178)</u>	<u>(3,501,154)</u>
<b>Cash generated from operations</b>	<u><u>(6,172,178)</u></u>	<u><u>(3,501,154)</u></u>

21. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2016**

	31/12/16	1/1/16
	£	£
Cash and cash equivalents	6,719,397	12,531,953
	<u><u>6,719,397</u></u>	<u><u>12,531,953</u></u>

**Year ended 31 December 2015**

	31/12/15	1/1/15
	£	£
Cash and cash equivalents	12,531,953	23,865,101
	<u><u>12,531,953</u></u>	<u><u>23,865,101</u></u>

22. **CAPITAL MANAGEMENT POLICIES AND PROCEDURES**

The company's capital management objectives are to ensure the company's ability to continue as a going concern, so it can provide returns to shareholders and benefits to other stakeholders.

This is achieved by pricing products commensurably with the level of risk and ensuring sufficient bank and other facilities are in place, and collecting customer deposits in a timely manner.