

Annual Report 2019

TIM Intermediateco Limited
Reports of the Directors and the financial statements
for the financial year to 30 September 2019
Company Number 10604770

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TIM Intermediateco Limited

Reports of the Directors for the financial year ended 30 September 2019

The Directors present their Strategic and Directors' Reports on the consolidated financial statements of TIM Intermediateco Limited for the financial year ended 30 September 2019. TIM Intermediateco Limited (the 'Company') is the parent company of the Travelopia group of companies (the 'Group').

STRATEGIC REPORT

Principal activity

The Group's principal activity during the financial year continued to be that of a tour operator and experiential holiday provider, owning nearly fifty specialist travel brands across the world. The Company's principal activity is to act as a holding company.

The Group's divisions

The Group is headquartered in the UK and is one of the world's leading specialist travel groups providing customers with unique travel experiences, (including adventure travel, safaris, private jet and polar expeditions, tailor-made luxury holidays, yacht and river boat charter holidays, educational and sporting based school trips, corporate hospitality and sporting event fan travel). The Group comprises of over 40 international travel businesses using nearly thirty diverse brands across seven divisions, as set out below.

Our dedication to delivering the very best travel experiences has won us praise not only from our customers, but also from travel professionals and trade publications. We pride ourselves in offering a seamless and specialised customer journey, from the exceptional service and in-depth knowledge of our sales teams, to our best-in-class tour guides and concierges around the globe.

As a result of this dedication, our customer satisfaction and loyalty is incredibly high across our entire portfolio. Our brands frequently receive industry awards and media recognition for their offering.

The range of source markets and destinations covered by Travelopia brands spans all seven continents. This breadth means we can be at the forefront of emerging travel trends, and allows us to spot opportunities for exciting and innovative new products and destinations.

We cater to all sorts of travellers, whether they're looking for an expertly led group tour or a tailor-made adventure. While the majority of our portfolio is positioned towards the higher end of the experiential offering in terms of price, we do have a number of brands offering lower price.

Expeditions: The Expeditions division provides a range of premium adventure holidays and expeditions worldwide, including to the Arctic and Antarctica (Quark Expeditions), around the world private jet expedition trips (TCS World Travel) and adventure holidays (Exodus Travels).

Enchanting Travels: During the financial year, the Group acquired Enchanting Travels, a tailor-made luxury travel specialist which provides exclusive, customised travel experiences for guests primarily from North America, Western Europe and Australia.

Tailormade: The Tailormade division focuses on the mid to upper tier holiday market, with holidays predominantly aimed at UK outbound travellers seeking flexible long and short haul holidays. The division also provides holidays to customers living in Ireland and some parts of Scandinavia. Key brands include Hayes & Jarvis, Sovereign and Citalia.

Le Boat: The Le Boat division is the market leader of inland waterway boating holidays on European canals and rivers, targeting couples, families and adult groups. At the year end, the division has 944 boats that operate across eight countries, including our newest base and the first one outside Europe, on the Rideau Canal in Ontario, Canada.

Yachts: The Yachts division is home to two of the world's largest Yacht charter companies with a year end fleet of 742 yachts, consisting of sailing catamarans, monohull yachts and powered catamarans. The division offers a range of sailing holiday experiences under The Moorings and Sunsail brands to predominantly North American and European source markets with customers going to the Mediterranean and Caribbean, including the British Virgin Islands. The division also sells the multiple award winning sail and powered Leopard Catamarans, designed by South African yacht builder, Robertson and Caine, with worldwide sales and dealers in over twenty five locations.

US Tour Ops: The US Tour Operators division provides affordable group and self-guided travel to Alaska, Hawaii and Europe with particular focus on catering for the US market by two brands, Your Man Tours and Europe Express.

STRATEGIC REPORT (continued)

Events: The Events division sells tours for both amateur clubs, teams and supporters to key sporting events around the world to sports clubs, individuals and agents for onward sale, as well as hospitality packages to Wimbledon and other UK events. Annual, biennial and quadrennial events include the Ashes, the Lions Tour and the Rugby World Cup, which can lead to natural fluctuations in performance over time depending on event timing. At the year end, the remaining divisional businesses were based in the UK, the Group having disposed of its Australian and New Zealand businesses, which included Fanatics, Australian Sports Tours and Williment, during the year.

Education: The Education division operates across the UK and North America providing a range of educational, expedition and leisure tours as well as residential trips to educational providers such as schools, colleges and universities. Destinations include Normandy in France, Washington DC and Walt Disney World in Florida. The schools expedition brand (World Challenge) also operates in Australia, New Zealand, South Africa and the Middle East, as well as the UK and North America. Subsequent to the year end, on 4 November 2019, the Group disposed of two of its US and two Canadian businesses, which formed the majority of the North American part of the division.

The year in review

The year has been another year of transformation for the Travelopia Group. Our review of the Group's strategy is complete and we are on track to be the world's leading experiential travel group of companies. In the early part of the year, there was some change in our Executive Leadership Team, whilst two major IT projects commenced in earnest during the year, namely the build of our SAP S4/Hana Cloud based ERP System and the development of our Customer Relationship Management, the former of which went live in some of our divisions on 1 October 2019.

Our acquisition and disposal program continued throughout the year, having sold a small number of our Events businesses, including Sportsworld Group in the UK and our Australian and New Zealand businesses, Fanfirm and Williments. In March 2018, the Group announced the proposed sale of the entire Education division. The disposal process continued throughout the year and a disposal of four of the US and Canadian Education businesses completed after the year end, in November 2019. In May 2019, we were delighted to announce the acquisition of Enchanting Travels, a German headquartered tailormade luxury travel specialist, which provides exclusive, customised travel experiences for guests primarily from North America, Western Europe and Australia.

The clean up and re-build from Hurricane Irma continued, which was the most powerful hurricane on record to ever hit the North Atlantic. Irma made direct landfall on our yacht bases in the British Virgin Islands ('BVI') and St. Martin in September 2017 causing extensive destruction to the islands and its infrastructure. At the time, our base in Tortola in the BVI comprised of a mixed fleet of over 350 vessels and property (consisting of hotel accommodation, restaurants, shops, water sport facilities and boat repair services). We were delighted to see the base re-open and are expecting to be back at over 300 yachts in the base during 2020.

Hurricane Dorian then hit the Bahamas in September 2019, with our yacht base in Marsh Harbour in the Abaco Islands being destroyed and a number of our yachts being either damaged or destroyed. Our highest and immediate concern was for the safety and security for our employees and customers on the island and we are happy to report that everyone was safe and we were subsequently able to move over 70 people to our neighbouring base in Nassau.

In terms of property, we have completed the refurbishment of our Surbiton office, home to a number of our key brands, including Le Boat and Yachts and our Exodus division relocated into that office during the year, from its previous base in Balham.

The external environment continues to be challenging in our source markets: Brexit uncertainty has continued throughout the year; Europe's economy continues to be soft and the commencement of the 2020 Presidential Elections in the US could create some uncertainty, all of which can lead to a loss of customer confidence in making holiday bookings.

Despite these challenges, the majority of our businesses have performed well at an Adjusted EBITDA level throughout the year. Many of our core brands have seen double digit EBITDA growth.

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Reports of the Directors for the financial year ended 30 September 2019

STRATEGIC REPORT (continued)

Globally the Group had almost 3,400 (2018: almost 3,500) employees working from more than 100 different locations (including offices and operational bases (e.g. marine bases, hotels & activity centres) during the year.

The Group continues to perform well. Progress has been made in building a strong foundation from which we will continue to grow our Adjusted EBITDA. Our strategy is being executed using new IT, aircraft and ships as levers for growth. A contract was signed last year to replace our aircraft in TCS World Travel with two new aircraft scheduled for delivery in 2020, including significant investment into a high specification cabin fit-out which continued in the financial year. In 2018, the Group committed to acquiring a new purpose built ice-class expedition vessel, "Ultramarine", for delivery in FY21, and the ship is currently in the construction phase. Our IT strategy will also see us investing more than £20m over the forthcoming three year planning cycle, much of which will enhance our customers' experience.

Financial performance

The Group's loss before tax for the financial year ended 30 September 2019 was £42.9m (2018: loss of £3.7m). This loss is stated after the inclusion of certain items that are excluded from Adjusted EBITDA. Adjusted EBITDA for the financial year, for which a definition is provided in Note 5 of these financial statements, was £52.7m (2018: £45.9m). The Directors consider Adjusted EBITDA to be a more suitable measure to assess the performance of the tour operating businesses. Whilst significant judgement can sometimes be required to determine the classification of certain items, by excluding certain one off, non-cash, or materially large items, the impact of the Group's restructuring, acquisition and disposal activities indicates that this alternative measure of profitability presents the underlying, maintainable profits of the Group. The Directors also consider Adjusted EBITDA provides a more comparable Key Performance Indicator ('KPI') to users of the financial statements.

To effectively measure the development, performance and position of the Company, the following KPIs are of most relevance.

KPI		Financial year ended 30 September 2019	Financial year ended 30 September 2018
Number of passengers	Number	721,619	749,917
Revenue	£m	1,100.4	1,063.2
Gross margin percentage	%	24.4	23.6
Adjusted EBITDA	£m	52.7	45.9
Loss before tax	£m	(42.9)	(3.7)
Cash	£m	299.4	295.8
Net assets	£m	185.4	234.5
Average number of employees	Number	3,397	3,463

A review of the Group by division/business for the full year is as follows: Commentary is initially upon revenues and Adjusted EBITDA as this reflects how the Executive Leadership Team manage and monitor the performance of each business. Commentary on items that are disclosed in the consolidated income statement below Adjusted EBITDA is provided subsequently.

Division	Revenue Financial year 2019 £m	Revenue Financial year 2018 £m	Adjusted EBITDA Financial year 2019 £m	Adjusted EBITDA Financial year 2018 £m
Expeditions	348.7	316.2	26.1	19.5
US Tour Operators	114.8	104.0	7.7	7.4
Education	163.6	155.4	8.8	7.9
Events	53.1	69.8	1.3	2.0
Tailormade	172.5	222.1	1.0	2.4
Le Boat	44.0	42.0	13.7	12.4
Yachts	195.7	153.7	12.5	10.5
Enchanting Travels	8.0	-	(0.9)	-
Group, divisional & consolidation	-	-	(17.5)	(16.2)
	1,100.4	1,063.2	52.7	45.9

STRATEGIC REPORT (continued)

Divisional results

The Group achieved a full year Adjusted EBITDA of £52.7m (2018: £45.9m) on revenues of £1,100.4m (2018: £1,063.2m).

Across the Group, we were pleased to see passenger numbers remain ahead compared to last year, with the exception of the Tailormade division, mostly driven by the ongoing decline of volume sold through TUI's retail stores and a challenging UK economic environment as protracted Brexit negotiations continued throughout the year, damaging consumer confidence and demand for its holidays.

Expeditions performed very well overall with increased revenues and margins, especially in Quark Expeditions and TCS World Travel, the results for which significantly exceeded prior year. Quark had a record year for Adjusted EBITDA, as they focussed on delivering life changing polar expeditions. Our "polar promise" was launched, comprising a four pronged strategy for sustainability, which advances existing initiatives aimed at improving environmental and social outcomes in the polar regions, and provides a cohesive plan that Quark will adhere to. The strategy translates Quark Expeditions' ongoing and newly-announced efforts into concrete, measurable goals and sustainable outcomes to be achieved by 2025. After a delay in the delivery last year, we took delivery of the chartered World Explorer ship after the financial year end, a newbuild specifically designed for operations in the polar regions for our first Antarctic expedition using this new build ship. Our newbuild ship, Ultramarine, is now in the construction phase. This vessel will have a longer range, capacity for two helicopters and a submarine and with off-ship adventure activities such as stand-up paddleboarding, sea kayaking, mountaineering, hiking, cross-country skiing, and helicopter flightseeing tours, heli-skiing and heli-hiking.

TCS World Travel grew their Adjusted EBITDA by over 50% from last year. FY19 was the last full year of its use of the current fleet of planes, ahead of their return and two new Airbus A321 Neo aircraft being delivered in 2020. Investment continued in the year into the buyer furnished equipment costing US\$25m in total that will be installed into the new planes on delivery, ahead of the first trips in January 2021. As such, the coming year is expected to see significant changes as the National Geographic contract comes to an end as well.

Exodus Travels continues to perform well and we were very proud to see Exodus receiving a 97% customer recommendation rate for our holidays. Our Headwater brand for self guided walking and cycling holidays was integrated into the company at the start of the year. 2020 will see continued focus on product, including the launch of Exodus Edits, offering shorter, more immersive experiences and breaks.

The US Tour Operators division also performed well with a 5% increase in passenger numbers and significantly improved revenues in Europe Express, helped by the strength of the US economy and a strengthening of the US dollar relative to Sterling and Euro.

The Education division performed well, ahead of the prior financial year with improved revenues and margins in the UK businesses within the division, comprising the Skibound, Travelbound, JCA and World Challenge. After the financial year end, we completed the disposal of the majority of our US and Canadian education businesses, selling brands such World Class Vacations, Brightspark US, Brightspark Canada, Jumpstreet and Educatours in line with our strategy to become the world's best experiential travel group, focussing on high end experiential travel.

The Events division largely performed well, with revenues and Adjusted EBITDA down on the comparative financial year as a result of the sale of some small businesses within this division as described above.

The Tailormade division, featuring brands including Hayes & Jarvis Travel, Citalia, Sovereign Holidays and American Holidays, continued to see a decline against the prior financial year, impacted by the ongoing decline of volume sold through TUI's retail stores who are selling their own scheduled flights and thus not required to sell through our Tailormade brands. This division has undergone significant restructuring in the year, with good progress being made to minimise the decline in Adjusted EBITDA and lay foundations for growth. Significant investment has been made into our new CRM/SEO IT capabilities, which will build sales and marketing capabilities.

Le Boat performed ahead of the prior financial year, despite continuing Brexit uncertainties and flash flooding in the Midi region in October 2018. Our Horizon 5 boat, launched last year, drove sales and margin up. It was our second year of our profitable Canadian base, with future development expected there as well as in the Midi region.

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STRATEGIC REPORT (continued)

The comparative financial years's Adjusted EBITDA of the Yachts division includes the business interruption insurance received in the year in respect of Hurricane Irma in September 2017. As such, an achieved Adjusted EBITDA of £12.5m represents an excellent financial year for the division. In the year when we celebrate 50 years of the Moorings brand, we also celebrate record levels Leopard branded catamaran sales: 89 in the year.

As we go into the 2020 financial year, our focus will continue on our pivotal growth levers, including margin improvement and developing our sales and marketing capability. We will continue to focus on delivering wonderful experiences for our guests safely and responsibly while internally improving efficiency and effectiveness. We will also continue to invest in our people and systems and prioritise new employee hires of sales and marketing specialists, ahead of our new ship and aircraft in 2020.

Items excluded from Adjusted EBITDA

The table below sets out the reconciliation of the Group's Adjusted EBITDA to the Group's loss before tax:

	Year ended 30 September 2019	Year ended 30 September 2018
	£m	£m
Adjusted EBITDA	52.7	45.9
Depreciation, amortisation and impairment of non-acquisition related assets	(33.3)	(22.8)
Acquisition and disposal related items	(23.3)	(15.2)
Separately disclosed items	(25.9)	(11.1)
Operating loss	(29.8)	(3.2)
Net financial expenses	(13.1)	(0.5)
Loss before tax	(42.9)	(3.7)

Depreciation, amortisation and impairment charges on non-acquisition related assets amounts to £33.3m (2018: £22.8m), of which £19.5m (2018: £15.4m) is depreciation and impairment of property, plant and equipment and £13.8m (2018: £7.4m) is amortisation and impairment of non-acquisition related intangible assets. Of the depreciation charges, £11.0m (2018: £10.2m) relates to our Group's yachts and boats, which forms the majority of our Group's property, plant and equipment. Of the amortisation and impairment of non-acquisition related intangible assets, £7.5m relates to the impairment of the UK Tailormade's division's computer software and software in construction, following an impairment review of that division. Further information is provided in Notes 8 and 17.

Amortisation charges arise on intangible assets comprising acquisition-related intangibles (namely brands, customer relationships, order book and favourable contracts) and non acquisition-related intangibles (namely computer software). Amortisation charges on acquisition related items are presented within the category of acquisition and disposal related items since they derive from valuations following the acquisition of businesses, as opposed to the normal course of business. The total charge for the year was £5.8m (2018: £12.1m), the reduction from the prior financial year being due to the order book that was valued on the acquisition of the Travelopia Group in June 2017 being fully amortised last year. Further information on the Group's intangible assets is provided in Note 17.

Also included within acquisition and disposal related items are impairment charges on acquisition related intangible assets. In light of the performance of the UK Tailormade division during the financial year, impairment charges to the Hayes & Jarvis and Citalia brands have been recognised totalling £12.2m, so as to write these assets off in full. Additionally, following the closure of our Student City business in the financial year, the total value for the related brand and customer relationship of £2.2m has been fully impaired. Further information is provided in Notes 8 and 17. In the prior financial year, the division's Sovereign brand and customer relationship assets were also impaired in full, with a total charge of £6.7m being recognised.

STRATEGIC REPORT (continued)

The Group disposed of four small subsidiaries from our Events division, together with the business and assets of Flexiski, within our UK Tailormade division, realising a total loss on disposal £0.6m, this being separately disclosed within acquisition and disposal related items.

The Group incurred net separately disclosed costs of £25.9m (2018: £11.1m), including £14.3m (2018: £13.2m) relating to restructuring, £0.7m (2018: £9.9m) relating to the costs incurred due to Hurricanes Irma and Dorian and £11.9m (2018: £2.8m) relating to other charges, including costs arising from the failure of Thomas Cook, costs arising from the hand back of our TCS's aircraft and Quark's expedition cancellation costs. In 2018, the Group recognised £12.7m of Separately disclosed income in respect of insurance recoveries to cover the repair costs of Hurricane Irma. Further information on all of these costs are included in Note 12.

Net financial expenses of £13.1 (2018: £0.5m) have increased due to the movement in the value of foreign currency derivatives, reflecting the movement on the Sterling during the financial year. The tax charge for the financial year totalled £2.9m (2018: £10.9m), principally reflecting the lower taxable profits during the year and the non-recognition of deferred tax assets for taxable losses.

Financial position

The Group ended the financial year with £299.4m (2018: £295.8m) of cash on the balance sheet, £60.6m (2018: £64.6m) of which is held in escrow, much of which reflects the £280.4m (2018: £270.6m) of client deposits held at the financial year end. The Group continues to have a £100m (2018: £100m) bank loan with a remaining term of five (2018: six) years, which was obtained in 2017 for the purpose of acquiring the Travelopia Group. As part of these banking facilities, the Group also has an £80.0m (2018: £80.0m) revolving credit facility at its disposal. £2.0m of this facility has been drawn as a letter of credit facility, of which £1.1m has been utilised, and £13.0m has been drawn for the acquisition of the Enchanting Travels group in May 2019. There were no changes to the Group's £100.0m bank loan in the financial year.

The Group uses available cash to fund its expeditions and holidays, with prepayments for such services amounting to £72.8m (2018: £80.4m) at the year end. Trade and other receivables amounted to £23.2m (2018: £32.4m) as at 30 September 2019 for which the risk of irrecoverability is considered low as the majority of the balance is from individual customers which are required to be fully paid ahead of departure date.

The Group's intangible assets (largely comprising brands, customer relationships, beneficial contracts and computer software) totalled £93.4m (2018: £94.9m), the majority of which related to the brands and customer relationships that were valued and recognised on the acquisition of the Travelopia Group in June 2017. The performance of the UK Tailormade division has led to an impairment at the year end to the Hayes & Jarvis and Citalia brands totalling £12.2m, thereby writing these assets off in full. Goodwill also arose on the acquisition of Enchanting Travels of £9.8m during the financial year.

Property, plant and equipment of £202.9m (2018: £197.6m) primarily consists of the Group's marine vessels and owned hotels and bases. Assets under construction include up front payments for our new polar cruise ship and aircraft interior fitout for use in our two new leased aircraft, which are both due for delivery in 2020.

At the year end, the Yachts division had a fleet of 742 yachts, 328 of which are owned and within property, plant and equipment, 3 are included in inventory and 411 are held as operating leases. Le Boat had a fleet of 944 (2018: 926) boats, split between 860 (2018: 842) owned and within property, plant and equipment, and 84 (2018: 78) are held as operating leases. At the year end, the Group had over 700 operating leases, the majority of which sit in the Yachts and the Le Boat divisions, where we sell new yachts and boats to our customers and then lease them back. We successfully agreed three major new leases last year; two Airbus 321-200 NEO Long Range aircraft from Titan Airways and one new build luxury polar expedition ship with capacity for up to 200 people, all of which have delivery dates from late 2020. The polar expedition ship is in addition to a previously agreed lease of another polar expedition ship, the World Explorer, for which delivery to the Group for chartering occurred after the year end in November 2019. The two A321's will replace the one leased and two chartered aircraft that are presently in the fleet. At the year end, we had also committed to further payments of £16.5m for the luxury custom interior fit-out for the aircraft.

Including the two new aircraft and two new ships, the minimum lease payments at the financial year end for all future years totalled £291.8m (2018: £304.5m), demonstrating our commitment to significantly enhancing our Group's asset base, customer experience and profitability growth in the foreseeable future. In addition to the above, committed expenditure at 30 September 2019 includes £70.1m (2018: £54.6m) for the purchase of new yachts in future years.

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STRATEGIC REPORT (continued)

Total trade and other trade payables amounted to £402.6m (2018: £380.1m), of which £280.4m (2018: £270.6m) relate to customer deposits, which are not expected to be repaid to customers unless the bookings are cancelled. Interest bearing loans and borrowings due for payment within one year amounted to £119.1m (2018: £104.5m) at the financial year end, the increase principally arising from a £13.0m drawdown on the revolving credit facility for the purpose of acquiring Enchanting Travels in the financial year. With just under five years of our bank loan facility remaining, financial liabilities falling due after more than two years total £133.8m (2018: £121.8m), including interest accruing over the term. This, together with our unused revolving credit facility, provides us with a sound capital base for the financial year ahead.

No dividends were paid during either financial year and the Directors do not recommend the payment of a final dividend.

Post balance sheet events and future developments

On 4 November 2019, the Group disposed of two of its US and two of its Canadian businesses, which formed the majority of the North American part of the division, to WorldStrides. The businesses sold operate a range of brands including World Class Vacations, Brightspark US, Brightspark Canada, Jumpstreet and Educatours. The pre-tax profit on disposal, excluding the costs of disposal, was £32.4m. It is expected that the results of the businesses sold will be classified as a discontinued operation in the Group's financial statements for the year ending 30 September 2020.

The Directors continue to anticipate significant EBITDA growth in the years ahead, albeit acknowledging that the Group is expecting external economic headwinds in the forthcoming financial year. With a growing market trend towards experiential holidays, the Travelopia Group is well placed to take advantage of this and will do so through increased IT investment, global product expansion and distribution enhancements as well as improving internal operational efficiency, while continuing to offer exceptional guest experiences safely and responsibly.

While the whole portfolio is expected to grow, it is TCS, Quark, Yachts and Le Boat that are expected to deliver the most material growth: TCS and Quark through investment in aircraft and ships; Yachts through continued fleet investment and recovery from Hurricane Irma once the BVI yacht base repairs are complete and; Le Boat through continued international expansion. With this context, the Directors look forward to this forthcoming period of growth with optimism.

Going concern

At 30 September 2019, the Group had net assets of £185.4m (2018: £234.5m). The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above.

The Group is expected to operate within the level of its current bank facilities and forecasts to meet all banking and regulatory covenants for the foreseeable future. Other than interest, no element of the bank loan is due for repayment in this period and £65.9m of the £80.0m committed revolving credit facility remains undrawn at the financial year end.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue as a going concern for the foreseeable future and thus they continue to adopt the going concern basis of accounting in preparing these consolidated financial statements.

Principal risks and uncertainties

The principal risks and uncertainties that are common to the Group and the Company are:

Operational risks

- **Health and Safety.** Ensuring the health and safety of guests and employees is of paramount importance. There is the risk of accidents occurring causing injury or death to guests or employees whilst on one of our holidays, which the Group strives to mitigate. Incidents could potentially result in reputational damage to either the Group and / or one of the Brands, and also have financial consequences. Insurance policies are in place in the event that incidents occur. The Group is committed to ensuring the health and safety of all of its guests and employees. The Group's central Health and Safety team report directly to the Group's Chief Operating Officer, ensuring that health and safety is given high profile throughout the organisation and instilled within the Group's culture.

STRATEGIC REPORT (continued)

- **Market risk.** The Group relies heavily on the demand from its UK and US customer base to take experiential and tailor-made holidays. Changes in macroeconomic conditions can affect exchange rates and spending power of consumers, both of which can erode margins. Terrorism can also affect demand from source markets. The tourism industry is fast-paced and competitive with the emergence of new market participants operating new business models, combined with consumer tastes and preferences evolving all the time. More consumers are booking their holidays online via mobiles and tablets. Climate change and global sustainability may also impact regulation in our industry and influence consumer preferences. There is the risk that if we do not respond adequately to those trends or if our products and services fail to meet changing guest demands and preferences, our revenues and profitability may suffer as a result. We continue to develop unique and exclusive experiences to match the needs of our customers. The Directors continue to monitor these performance indicators to ensure the future success of the business.
- **Brexit.** The UK's recent departure from the EU continues to create uncertainty, including foreign exchange rate volatility and the short to medium term outlook for the UK economy. This uncertainty is impacting demand for overseas holidays in the Group's UK source market and creates some risk to the financial performance of the Group. Some mitigation of this risk is created by our non-UK source markets, especially in the United States, where a strong US Dollar relative to Sterling has improved reported results.
- **Destination disruption.** Providers of holidays and expeditions are exposed to the inherent risk of domestic and international incidents affecting operations at those destinations. This includes natural catastrophes such as Hurricane Irma in September 2017 and Hurricane Dorian in September 2019, both of which have impacted the Group in the current and prior financial years. Destination disruption can also include outbreaks of disease, war, political instability and terrorism. These events can cause significant operational disruption and costs to our business. No catastrophe like this can be actively prevented, but the financial risk on the Group is mitigated via insurance of both assets and some operational losses, together with having many geographically diverse destinations so as to limit the exposure to any single destination. We follow the UK Government's Foreign Office advice in our source markets to minimise the exposure of our customers.
- **Legal and regulatory compliance.** The Company operates across a range of geographies, which exposes us to a range of legal, tax and other regulatory laws, which must be complied with. Failure to comply may result in fines or sanctions from regulatory bodies, such as the Civil Aviation Authority in the UK, which require us to comply with their regulations. Failure to do so could result in the removal of the licence. We have a Group Legal Compliance team who monitor compliance with laws and regulations and provide advice to businesses on specific areas.
- **Cyber security.** We are responsible for protecting the confidentiality, integrity and availability of the data we have for our guests, employees and suppliers. Failure to ensure we have the appropriate level of information security controls increases the risk that an information security breach is not prevented, detected or adequately remediated. This could result in reputational damage, remediation costs and financial penalties for a breach of data protection legislation. We continuously enhance our information security posture to mitigate the risk.
- **Fleet delivery risk.** During the previous financial year, the Group signed contracts for significant levels of capital and lease commitments for yachts, aircraft and expedition ships, which are due for delivery in the next eighteen months. Whilst we expect these assets to drive future growth in our Group, it also gives rise to financial risk in the event that delays occur to the scheduled deliveries of these assets. Fleet supplier failure could also cause the cancellation of certain fleet deliveries. Financial risks include lost margin, compensation payable and adverse publicity which could lead to a loss in future or repeat bookings. The Group is monitoring and overseeing the construction of these assets against their planned timetable and is actively engaged with the assets' suppliers to mitigate the risk of delays to delivery dates.
- **Technology risk.** Online reservation systems, websites and platforms form a significant part of the Group's ability to build, develop and sell its products. This would be temporarily disrupted by a technology failure or slowdown. Many of our businesses continue to upgrade and/or overhaul existing technologies and invest in new technologies to improve their resilience and to enhance the Group's products and services. Failure to successfully implement new IT systems may impact our competitiveness, quality of customer experience and operational efficiency. This could be detrimental to the Group's profitability, in terms of lost bookings, cash outflows and asset impairments.

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STRATEGIC REPORT (continued)

Financial instrument risks

- **Foreign currency exchange risk.** The Group operates internationally and is exposed to foreign currency exchange risk on transactions denominated in a currency other than UK Sterling as well as the translation of the Group's consolidated balance sheet and income statement of foreign operations into UK Sterling. The two main currencies that the Group is exposed to are the Euro and US Dollars. A fall in Sterling compared to these two currencies would cause our UK companies selling to those destinations to see an increase in their underlying cost base, if not already hedged against. The Group's businesses enter into derivative financial instruments to forward purchase their foreign currency requirements to mitigate the risk of foreign currency losses. Conversely, in the event of a fall in sterling against the US dollar, the Group's exposure to the US market would see the results of those US-based businesses translating to higher revenues and profitability in the Group's consolidated income statement.
- **Liquidity and cashflow risk.** To maintain funding for operations, in addition to the capital provided from the immediate parent company, the Group is dependent upon access to funding in the form of a seven year term interest-bearing bank loan with a principal amount of £100.0m, a revolving credit facility of £80.0m and cash reserves.
- **Credit risk.** The Group has significant cash and cash equivalent balances throughout the year and the majority of this is held with three global banking groups. Credit risk in this respect refers to the risk that one of these banking groups were to default on its contractual obligations resulting in financial loss to the Group. The Group therefore uses highly reputable and financially strong banking groups with which to deposit its material cash balances. The Group also sells its holidays both directly to the end customers and indirectly via agents. Credit risk is considered to be limited as many of our branded holidays are tailor-made or differentiated, there is no concentration of business on key individual agents across the Group and our end customers are required to pay in full ahead of departure.
- **Interest rate risk.** The Group is exposed to interest rate risk on the interest bearing bank loan and on cash and cash equivalents. The interest rate for the bank loan is periodically re-set to ensure it remains at market levels. An increase in market rates would therefore reduce the Group's profitability. The Group has partially mitigated this interest rate risk by taking out an interest rate swap for a part of the Group's external bank loan.

Further information on foreign currency risk, credit risk, interest rate, liquidity and cash flow risks are provided in Note 27 of the financial statements.

Approval

This report was approved and signed on behalf of the Board on 14 February 2020.


J Metzner
Director

Company Number: 10604770

DIRECTORS' REPORT

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

E Pillot
J Metzner

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, BDO LLP have been deemed to be re-appointed and therefore continue in office.

Directors' insurance

Throughout the financial year until the date of approval of these financial statements the ultimate parent company, KKR & Co. Inc, maintained Directors' and Officers' Liability Insurance policies that would respond to cover Directors of the Company. These policies meet the Companies Act 2006 definition of a qualifying third party indemnity provision.

Statement as to disclosure of information to auditors

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the 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 auditors are aware of that information.

Dividends

No dividends were declared or paid during the financial year.

Political donations

During the financial year, the Group and Company made no political donations.

Employees

The Group aims to keep employees aware of all material factors affecting them as employees and the performance of the Group and their respective business. It encourages good communication through regular meetings between management and staff enabling senior managers to consult and ascertain views on all appropriate matters. This is supplemented by regular briefing meetings, email bulletins and divisional internal websites. A free confidential whistle-blowing hotline is also provided for employees. Employees are encouraged to participate in the performance of the Group by way of bonus schemes.

The Group employs approximately 3,400 (2018: 3,500) employees. Training and career development programmes are provided. It is our policy to achieve and maintain a high standard of health and safety at work and to ensure everyone, regardless of race, religion or sex and including disabled people where reasonable and practicable is treated in the same way with regards to employment, training, career development and promotion. Applications for the employment of disabled people are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. Every effort is made with the rehabilitation of anyone who becomes disabled during their employment. The Group publishes a gender pay gap report in the UK.

The Group is committed to ensuring that there is no modern slavery or human trafficking in any part of its businesses. This commitment is an integral part of our policies and the way we do business. We would never knowingly engage with suppliers or contractors involved in slavery or human trafficking and undertake due diligence when engaging with new suppliers before proceeding.

TIM Intermediateco Limited
Reports of the Directors for the financial year ended 30 September 2019

DIRECTORS' REPORT (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Reports of the Directors and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) 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 financial period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed for the consolidated financial statements and IFRSs including FRS 101, have been followed for the Company financial statements, 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 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 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.

The Directors 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.

Approval

This report was approved and signed on behalf of the Board on 14 February 2020.


J Metzner
Director

Company Number 10604770

Opinion

We have audited the financial statements of TIM Intermediateco Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2019 which comprise the consolidated income statement, consolidated statement of total comprehensive income, consolidated and company balance sheet, consolidated and company statement of changes in equity, consolidated 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 the preparation of the consolidated financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (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 of the Parent Company's affairs as at 30 September 2019 and of the Group's loss for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Group and the Parent 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 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 reports of the Directors (the Strategic Report and the Directors' 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.

TIM Intermediateco Limited

Independent auditors' report to the members of TIM Intermediateco Limited

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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 statement of Directors' responsibilities, 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John Everingham (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
Date: 14 February 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

TIM Intermediateco Limited

Consolidated income statement for the financial year ended 30 September 2019

	Note	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Revenue	9	1,100.4	1,063.2
Cost of sales		(831.4)	(812.6)
Gross profit		269.0	250.6
Distribution costs		(116.4)	(115.3)
Administrative expenses		(182.5)	(167.1)
Other income/(expenses):			
– receipt of insurance proceeds	8,15	0.7	22.9
– (loss)/profit on disposal of Group subsidiary	11	(0.6)	5.7
Operating loss		(29.8)	(3.2)
Analysed as:			
Adjusted EBITDA		52.7	45.9
Depreciation, amortisation and impairment on non-acquisition related assets		(33.3)	(22.8)
Acquisition and disposal related items	11	(23.3)	(15.2)
Separately disclosed items	12	(25.9)	(11.1)
Operating loss		(29.8)	(3.2)
Financial income	13	5.2	6.8
Financial expenses	14	(18.3)	(7.3)
Net financial expenses		(13.1)	(0.5)
Loss before tax	15	(42.9)	(3.7)
Taxation charge	16	(2.9)	(10.9)
Loss for the financial year attributable to equity holders of the parent		(45.8)	(14.6)


TIM Intermediateco Limited**Consolidated statement of total comprehensive income for the financial year ended 30 September 2019**

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Loss for the financial year	(45.8)	(14.6)
Other comprehensive income		
Items that will not be subsequently reclassified to profit and loss:		
Remeasurement of defined benefit obligation	(0.3)	0.1
	(0.3)	0.1
Items that may be subsequently reclassified to profit and loss:		
Foreign exchange translation	2.9	1.4
	2.9	1.4
Other comprehensive income for the financial year, net of tax	2.6	1.5
Total comprehensive loss for the financial year attributable to equity holders of the parent	(43.2)	(13.1)

TIM Intermediateco Limited
Consolidated balance sheet at 30 September 2019

		30 September 2019 £m	30 September 2018 £m
	Note		
Non-current assets			
Intangible assets	17	93.4	94.9
Property, plant and equipment	18	202.9	197.6
Trade and other receivables	19	3.8	4.6
Derivative financial instruments	27	-	0.2
Retirement benefit assets	20	-	0.1
Deferred tax assets	21	16.5	18.5
		316.6	315.9
Current assets			
Inventories	22	28.2	21.8
Trade and other receivables	19	92.2	108.2
Income tax recoverable		2.2	1.6
Derivative financial instruments	27	2.9	3.0
Other investments		2.3	-
Cash and cash equivalents	24	299.4	295.8
		427.2	430.4
Assets classified as held for sale	23	-	0.9
Total current assets		427.2	431.3
Total assets		743.8	747.2
Current liabilities			
Interest-bearing loans and borrowings	25	(1.5)	(1.3)
Trade and other payables	26	(397.2)	(376.5)
Derivative financial instruments	27	(11.1)	(0.6)
Provisions for liabilities	28	(2.3)	(3.3)
Income tax payable		(3.2)	(4.4)
Total current liabilities		(415.3)	(386.1)
Non-current liabilities			
Interest-bearing loans and borrowings	25	(117.6)	(103.2)
Trade and other payables	26	(5.4)	(3.6)
Derivative financial instruments	27	(0.3)	(0.1)
Retirement benefit obligations	20	(0.2)	-
Provisions for liabilities	28	(3.2)	(1.1)
Deferred tax liabilities	21	(16.4)	(18.6)
		(143.1)	(126.6)
Total liabilities		(558.4)	(512.7)
Net assets		185.4	234.5
Equity			
Called up share capital	29	26.0	26.0
Share premium account		216.0	216.0
Retained earnings		(59.5)	(7.5)
Foreign exchange reserve		2.9	-
Total equity attributable to equity holders of the parent		185.4	234.5

The notes on pages 19 to 68 form part of the consolidated financial statements. The consolidated financial statements on pages 14 to 68 were approved and authorised for issue by the Board of Directors on 14 February 2020 and signed on its behalf by:


J Metzner
 Director
 Company Number: 10604770

TIM Intermediateco Limited

Consolidated statement of changes in equity for the financial year ended 30 September 2019

	Called up share capital £m	Share premium account £m	Retained earnings £m	Foreign exchange reserve £m	Total equity £m
At 30 September 2017	24.0	216.0	7.0	(1.4)	245.6
Loss for the financial year	-	-	(14.6)	-	(14.6)
Other comprehensive income for the financial year	-	-	0.1	1.4	1.5
Total comprehensive loss for the financial year	-	-	(14.5)	1.4	(13.1)
Transactions with owners					
Share capital issued	2.0	-	-	-	2.0
At 30 September 2018	26.0	216.0	(7.5)	-	234.5
Effect of adopting IFRS 15 (Note 6)	-	-	(5.9)	-	(5.9)
Loss for the financial year	-	-	(45.8)	-	(45.8)
Other comprehensive income for the financial year	-	-	(0.3)	2.9	2.6
Total comprehensive loss for the financial year	-	-	(46.1)	2.9	(43.2)
At 30 September 2019	26.0	216.0	(59.5)	2.9	185.4

TIM Intermediateco Limited

Consolidated statement of cash flows for the financial year ended 30 September 2019

		Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
	Note		
Loss for the financial year		(45.8)	(14.6)
Adjusted for:			
Depreciation and amortisation	17,18	30.6	34.2
Impairment of property, plant and equipment	18	0.8	-
Impairment of intangible assets	17	22.1	7.4
Changes in fair value of contingent consideration payable	30	-	2.0
Loss/(gain) on disposal of subsidiaries	11	0.6	(5.7)
Gain on disposal of property, plant and equipment and intangible assets		(0.4)	(1.0)
Gain on foreign exchange translation		(2.1)	(1.7)
Net financial expenses	13,14	13.1	0.5
Taxation	16	2.9	10.9
Operating cash flow before changes in working capital and provisions		21.8	32.0
Increase in inventories		(4.8)	(2.4)
Decrease/(increase) in trade and other receivables		9.4	(6.5)
Increase in trade and other payables		16.3	16.7
(Decrease)/increase in provisions		(0.3)	1.0
Cash flows generated from operations		42.4	40.8
Net interest paid		(5.6)	(6.6)
Income taxes paid		(6.3)	(11.8)
Net cash flows generated from operating activities		30.5	22.4
Investing activities			
Proceeds from disposal of property, plant and equipment		9.5	14.7
Acquisition of property, plant and equipment	18	(30.3)	(34.7)
Acquisition of intangible assets	17	(12.2)	(5.8)
Acquisition of short term investments		(2.3)	-
Acquisition of subsidiaries, net of cash acquired	30	(11.1)	-
Disposal of subsidiaries, net of cash disposed	11	(2.0)	5.7
Net cash flows used in investing activities		(48.4)	(20.1)
Financing activities			
Proceeds from new loans	31	14.9	1.9
Repayment of borrowings	31	(1.0)	(2.4)
Issue of share capital	29	-	2.0
Net cash flows generated from financing activities		13.9	1.5
Net (decrease)/ increase in cash and cash equivalents		(4.0)	3.8
Effect of foreign exchange on cash held		7.6	3.9
Cash and cash equivalents at beginning of year		295.8	288.1
Cash and cash equivalents at end of the year	24	299.4	295.8

Details of restrictions on cash and cash equivalents are provided in Note 24. Movements in liabilities arising from financing activities are presented in Note 31.

TIM Intermediateco Limited
Notes to the consolidated financial statements

1. General information

TIM Intermediateco Limited (the 'Company') is a private limited company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD. The Company owns the Travelopia Group of companies.

The consolidated financial statements consolidates those of the Company and its subsidiaries (together referred to as 'the Group') and are for the financial year ended on 30 September 2019.

Certain UK Companies included within these consolidated financial statements have been provided exemption from requiring an audit under Section 479(A) of the Companies Act 2006. Further details of the subsidiaries taking this exemption are provided in Note 36.

The principal activity of the Group during the financial year was that of a tour operator and experiential holiday provider, comprising nearly fifty specialist travel brands across the world.

2. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the IFRS International Financial Reporting Interpretations Committee's ('IFRIC') interpretations as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements were authorised for issue on 14 February 2020.

3. Basis of preparation

The consolidated financial statements are prepared on the historical cost basis unless otherwise stated. The consolidated financial statements are presented in the Group's presentational currency of Sterling, which is also the Company's presentational currency rounded to the nearest one hundred thousand pounds unless otherwise stated. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates.

4. Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future. The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within its current banking facilities. The Group forecasts to meet all banking covenant requirements for at least the next 12 months from the date of signing these financial statements.

5. Underlying measures of profits and losses

Alternative performance measures

These consolidated financial statements contain a financial profit measure that is not defined or recognised under IFRS, namely Adjusted EBITDA, which excludes separately disclosed items and acquisition and disposal related items. This measure is not a measure of financial performance under IFRS and should not be considered as an alternative to indicators, operating performance, income and cost classifications that are derived in accordance with IFRS. Accordingly, this non-IFRS measure should be viewed as supplemental to, but not as a substitute for, measures presented in these consolidated financial statements which are prepared in accordance with IFRS as adopted by the EU.

Adjusted EBITDA

The Board believes that Adjusted EBITDA provides additional and meaningful guidance in addition to statutory measures to help understand the Group's underlying tour operating performance during the financial year. It is a measure that is used by management to internally assess the maintainable underlying performance of the Group's business and is not intended to be a substitute measure for adopted IFRS measures. The Directors also consider it appropriate to disclose this additional alternative performance measure since it provides more comparable measurement of performance by excluding the significant financial impact of Hurricane Irma and is also broadly equivalent to the measure used externally in the Group's bank covenant test, further details of which are described in Note 27.

Adjusted EBITDA is defined as profit before tax from continuing operations stated before financial income and expenses, depreciation, amortisation and impairments (including amortisation of and impairments to, business combination intangibles), acquisition and disposal related items, and separately disclosed items. Adjusted EBITDA includes insurance proceeds in respect of business interruption to the extent it represents lost operating margin.

It should be noted that the definition of Adjusted EBITDA used in these consolidated financial statements are those used by the Group and may not be comparable with the term 'underlying' or 'EBITDA' as defined by other companies within both the same sector, or elsewhere, since there are no generally accepted principles governing the calculation of this measure of profit. As such, Adjusted EBITDA could have limitations as an analytical measure, some of which are:

- It does not reflect the Group's past or future cash expenditure for capital expenditure;
- It does not reflect the Group's interest expense, or the cash requirement to service interest and principal payments on the Group's bank loans;
- It does not reflect gains and losses on the acquisition and disposal of subsidiaries; and
- Items that have been excluded from Adjusted EBITDA as Separately disclosed items may be judged by some as being appropriate to include and vice versa.

Separately disclosed items

Separately disclosed items are those significant items which in management's judgement are highlighted by virtue of their size, nature and/or incidence to enable a full understanding of the Group's underlying financial performance. Such items are included within the income statement heading to which they relate. Further information relating to Separately disclosed items, including the nature of the items and the reasons for inclusion in this category is included in Note 12.

Acquisition and disposal related items

Acquisition related items comprises employment related deferred consideration for the acquisition of businesses, changes in the fair value of contingent consideration for acquired businesses, amortisation and impairment of business combination intangibles, gains and losses on acquisitions and disposals and acquisition and disposal transaction costs. Directly attributable acquisition and disposal costs are expensed in the consolidated income statement as incurred. Disposal related items represents the gain or loss on the disposal of a Group subsidiary, net of directly related disposal costs, which did not meet the definition of a discontinued operation.

6. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

New standards, amendments and interpretations

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of new accounting standards are described below.

IFRS 15 Revenue from contracts with customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers as outlined below:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

IFRS 15 requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer and requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group adopted IFRS 15 'Revenue from contracts with customers', with a date of initial application of 1 October 2018. As a result, the Group has changed its accounting policies and updated its internal processes and controls relating to revenue recognition. The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 October 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 October 2018.

TIM Intermediateco Limited
Notes to the consolidated financial statements

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

(i) Revenue recognition policy under IFRS 15

The Group recognises revenue from the sale of holidays and the sale of boats and yachts. Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of holidays

Revenue is measured at the fair value of the contractual consideration received or receivable and represents amounts receivable for goods and services in the normal course of business during the accounting period. Revenue is recognised net of discounts, value added tax, and other sales related taxes and is measured as the aggregate amount earned from inclusive holidays, tours, trips, marine charters and expeditions. Revenue from sale of holidays is comprised of one performance obligation and the transaction price is recognised over the duration of the holiday (taking the time elapsed from departure to return). For the sale of holidays, the Group receives part payment of the holiday by way of a deposit from customers upon booking of the holiday. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised service to the customer and when the customer pays for that good or service will be one year or less.

Sale of boats and yachts

Revenue from sale of boats and yachts is comprised of one performance obligation and the transaction price is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the boat or yacht. Title is passed when payment has been received in full by the customer.

The Group has adopted the exemption not to disclose the aggregate amount of the transaction price allocated to partially unsatisfied performance obligations as the contracts have an original expected duration of less than one year.

Revenue under IAS 11 and IAS 18 in relation to the comparative financial year

For the financial year ended 30 September 2018, revenue was recognised in the consolidated income statement when the significant risks and rewards of ownership had been transferred to the buyer. Revenue in respect of holidays and related services was recognised on the date of departure. Revenue from the sale of marine boat and yacht sales was recognised when title contractually passed to the customer. No revenue was recognised if there were significant uncertainties regarding recovery of the consideration due or associated costs. Revenue was stated at the contractual value of services provided. Client monies received at the balance sheet date relating to holidays departing after the year end were deferred and included within trade and other payables.

(ii) Contract balances arising on application of IFRS 15

Contract liabilities

If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group considers client monies received in advance at the balance sheet date relating to holidays departing after the year end to be contract liabilities.

(iii) Impact of adoption of IFRS 15

Revenue from the sale of holidays in relation to the prior year were previously recognised at the point of departure, in accordance with IAS 18. Under IFRS 15, revenue from the sale of holidays is recognised over the period of the holiday. Where the holiday sold falls within a discrete financial year, there should be no difference between the previous and the new accounting policy. However, where a holiday spans across the Group's financial year end of 30 September, revenues and the directly related costs will be recognised over the period of the holiday and hence, across two financial periods. Solely in this respect, the effect of adopting IFRS 15 as at 1 October 2018 did not have a material effect on the opening balance sheet or on the primary statements for the year ended 30 September 2019.

The adoption of IFRS 15 has changed the date of recognising revenues for some of our expeditions where the previous recognition revenue policy was to recognise revenue over time in advance of the departure date. Under IFRS 15, revenue for these products are now spread across the period of the expedition. The impact of this adjustment is a reduction of £5.9m, this being made to opening equity.

IFRS 9 Financial Instruments

IFRS 9 'Financial instruments' is effective for the Group starting 1 October 2018 and replaces the current requirements of IAS 39 'Financial instruments: recognition and measurement'. The main changes introduced by the new standard are new classification and measurement requirements for certain financial assets, a new expected credit loss model for the impairment of financial assets, revisions to the hedge accounting model, and amendments to disclosures. The changes are generally to be applied retrospectively. Given the nature of the financial assets and liabilities currently held by the Group and its accounting policy for hedging arrangements, the changes have not had a material impact on the financial statements.

Basis of consolidation

The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as 'the Group') and present the results of the Group as if it formed a single entity. Accounting policies of subsidiaries are amended where necessary to be consistent with those adopted by the Group. The parent Company financial statements present information about the Company as a separate entity and not about the Group.

(i) Subsidiaries

Where the Company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Where the Group ceases to have control of any subsidiary, the assets and liabilities of that subsidiary are derecognised at the date that control is lost and any gain or loss on disposal is recognised within other income in the consolidated income statement. The gain or loss is measured at the fair value of the consideration received less the share of the carrying value of the net assets of the subsidiary disposed.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains or income and expenses arising from intra-group transactions are eliminated in preparing the Group's consolidated financial statements.

Expenses

(i) Operating lease payments

Leases where the lessor retains substantially all of the benefits and risks of ownership of the asset are classified as operating leases. Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated income statement as an integral part of the total lease expense over the term of the lease.

(ii) Marketing and other direct sales costs

Marketing, advertising and other promotional costs, including those related to the production of brochures, are expensed when the benefit of the goods or services is made available to the Group. In particular, merchandise provided free to customers, brochure and advertising costs are expensed to the consolidated income statement when the Group's suppliers have delivered the relevant material.

(iii) Cost of sales

Costs of sales include costs in relation to the provision of holidays supplied to customers including such items as airfares, accommodation and transfer costs, direct employee costs, repair costs and depreciation charges on property, plant and equipment that is used directly to deliver that sale. These costs are recognised when incurred, other than the cost of airfares, accommodation and transfer costs of a holiday, which are recognised over the duration of the holiday.

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Profits and losses on disposals of subsidiaries

Profits and losses on disposals of subsidiaries are presented within other income/expenses. Additional analysis for profits and losses on disposals of subsidiaries is disclosed within acquisition and disposal related items.

Insurance proceeds

Insurance proceeds are recognised as cash if received in the financial period or as a receivable, together with the related income within the consolidated income statement if objective evidence exists to demonstrate that recovery is considered virtually certain by the balance sheet date. All losses for which the insurance proceeds are receivable are accounted for as a separate transaction. Insurance proceeds in respect of damage to property, plant and equipment and business interruption insurance recoveries are recognised within other income.

Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement as incurred.

(ii) Defined benefit plans

The Group's net obligation in respect of a defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior financial periods. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted in calculating the overall net asset or liability. The liability discount rate is the yield at the balance sheet date on AA credit-rated bonds denominated in the currency of, and having the same maturity dates approximating to, the terms of the plan's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net pension asset or liability, including actuarial gains and losses, are recognised immediately in other comprehensive income. Contributions are made to fund the plan by the sponsoring company. The current service cost is included in the consolidated income statement as a personnel expense. The interest charge on the net pension liability is calculated by applying the applicable discount rate to the net pension liability at the beginning of the financial year, taking account of any changes in the net pension liability during the year as a result of contributions and benefit payments.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

iv) Employment termination benefits

Employment termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. The costs are recognised within the same category of expenditure as the underlying employment costs. These costs may also be presented as separately disclosed items where appropriate.

Financial income

Financial income mainly comprises of the discounting of financial liabilities, foreign exchange gains on financial items and gains on derivative financial instruments.

Financial expenses

Financial expenses comprise interest expense on borrowings and any net losses on derivative financial instruments. All borrowing costs are recognised in profit or loss using the effective interest method. Foreign currency gains and losses and unrealised gains and losses on derivative financial instruments are reported separately on a net basis.

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised in other comprehensive income, in which case the related tax is also recognised in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the financial period, using average tax rates applicable for the financial period. The Group operates in many tax regimes and is subject to the tax implications of operating in different tax environments. Actual tax assets and liabilities for the current financial period are measured at the expected amounts payable, or in the case of taxable losses, recoverable from tax authorities. Judgement can sometimes be required to determine the current and deferred tax assets and liabilities, such as the recoverability of such assets. Various internal and external factors may have favourable or unfavourable effects on income tax assets and liabilities. These factors include, but are not limited to, changes in tax laws and regulations or their interpretation and changes in tax rates. Furthermore, in order to determine whether tax losses may be carried as assets, it is first necessary to assess the probability of future taxable profits against which to offset them. Such profits depend upon a variety of internal and external factors, including expected development and the four year plan for that business.

(ii) Deferred tax

Deferred tax is provided or recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill not deductible for tax purposes; differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future; and differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss in the consolidated income statement. The amount of deferred tax asset recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rate at which the asset or liability is expected to reverse in future periods, based on tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced in the financial period in which it is no longer probable that the related tax benefit will be realised.

Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are initially recorded at the rate approximating to the foreign exchange rates ruling at the dates of the transaction for each entity. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the functional currency spot rate ruling at the reporting date and recognised in the consolidated income statement. Foreign exchange gains and losses resulting from the settlement of such transactions are also recognised in the consolidated income statement.

(ii) Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated from functional currency to Sterling at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of overseas operations are translated from functional currency at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on the translation of foreign operations are recognised in other comprehensive income, outside of profit and loss and disclosed in the consolidated statement of changes in equity as a foreign exchange difference within a separate foreign exchange reserve. Foreign exchange gains and losses arising from monetary items receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in a foreign operation and are recognised directly in equity in retained earnings.

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Discontinued operations

To meet the definition of a discontinued operation, the subsidiary or subsidiaries being sold must be both classified as held for sale and are either a separate major line of business or geographical area of operations or part of a single plan to dispose of. In determining whether the businesses to be sold are held for sale, the intended disposal must be highly probable. This requires management to be committed to the disposal plan, a program to locate the buyer has commenced, the business is being marketed at a reasonable price, there are unlikely to be any significant changes to the plan and disposal completion is expected within one year.

Business combinations

Business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries and represents the difference between the fair value of consideration paid and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles, such as brands, customer relationships, beneficial contracts and the order book are those which can be sold separately (or which arise

from contractual or legal rights regardless of whether those rights are separable) and the fair value can be reliably measured. The fair value of the consideration paid can include cash and consideration that is contingent upon events occurring after the acquisition date, the latter of which is estimated and adjusted through the consolidated income statement up until the consideration is no longer contingent. Consideration payable for business combinations that is linked to, or conditional upon, continued employment is accreted to the consolidated income statement over the period of the earnout period.

Fair value adjustments are made in respect of business combinations. If, at the balance sheet date, the amounts of fair values of the acquiree's identifiable assets and liabilities can only be established provisionally, then these values are used. Any adjustments to these values are taken as adjustments to negative goodwill and are recorded within 12 months of the acquisition date. If the acquisition accounting was in the previous accounting period, the comparative information in the consolidated financial statements is restated if the adjustments are material.

(i) Computer software, software in development and other intangible assets

Computer software consists of all software that is not an integral part of the related computer hardware and is stated at cost less accumulated amortisation and impairment losses other than those acquired in a business combination, which is initially recognised at fair value.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources are available to complete the development and to use or sell the software product; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the business' and the software developer's employee costs. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent financial period.

(ii) Brands, customer relationships and order book

Brands, contractual customer relationships, beneficial contracts and the order book acquired in a business combination are recognised at fair value at the acquisition date. These intangibles have a finite useful life and are subsequently carried at cost less accumulated amortisation.

(iv) Amortisation

Amortisation is charged to the consolidated income statement on a straight-line basis over the estimated useful economic life of each type of intangible asset as follows:

Computer software	3 - 10 years
Brands	10 - 25 years
Order book	Over the period when travel occurs, expected to be within 2 years
Customer relationships	Over the period during which value will be obtained by the Group (from 2 to 13 years)
Beneficial contracts	13 - 20 years

Software in development is not amortised. Upon completion of development and bringing the software into use, the costs are re-categorised into computer software and amortisation commences. Licences in respect of bar licences in France (known as "fonds du commerce") are not amortised (on the basis that the licence has an indefinite life) unless there is objective evidence to suggest the market value has fallen below cost.

Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Fair value adjustments are made in respect of property, plant and equipment acquired as part of a business combination, but are not subsequently remeasured to fair value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Where significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Depreciation

Except as noted below, depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful economic lives of each item of property, plant and equipment. The useful economic lives are as follows:

Freehold properties	Up to 50 years
Short leasehold improvements	Lease period or useful economic life if shorter
Yachts	5 - 15 years
Motor boats	15 - 24 years to 50% value
Aircraft equipment	Lease period
Computer equipment	3 - 10 years
Other assets	Up to 10 years

Freehold land and assets under construction are not depreciated. The depreciation methods, useful economic lives and residual values are reassessed annually. Revisions to useful economic lives and residual values are accounted for prospectively from the date of change.

(iii) Sale and leaseback transactions

If the leaseback is classified as an operating lease, any gain is recognised immediately if the sale and leaseback terms are demonstrably at fair value.

(iv) Disposal

An item of property, plant and equipment is derecognised upon disposal, with any gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the financial period of disposal.

Impairments

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount and its recoverable amount. The recoverable amount of the Group's receivables which are carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than inventory and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset or its cash generating unit ('CGU') exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs to sell. 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 or CGU. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Inventories

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price less the estimated costs incurred until the sale and the estimated variable costs required to sell. All inventories are written down individually where the net realisable value of inventories is lower than their carrying amounts. Spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment, which includes the expectation that they will be used for more than one financial period.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises financial assets and liabilities only when the contractual rights and obligations have been transferred, discharged or have expired.

(i) Financial assets

Financial assets are classified at initial recognition as either subsequently measured at amortised cost or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets include short term investments, cash and cash equivalents, trade receivables and derivative financial instruments but exclude taxes and financial deposits outside the Group's control such as prepayment of services. Financial assets generated from all of the Group's revenue streams are initially measured at their transaction price and are subsequently remeasured at amortised cost. Cash and cash equivalents comprise cash at bank and in hand, cash on deposit and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial assets at fair value through profit or loss comprise derivative financial instruments and are measured at fair value on initial recognition and subsequent measurement. The realised and unrealised gain or loss on derivatives is included in the consolidated income statement in the financial year in which the gain or loss arises.

The Group recognises a loss allowance for expected credit losses on all receivable balances from customers subsequently measured at amortised cost, using the 'simplified approach' permitted under IFRS 9.

Financial liabilities comprise trade and other payables, financing liabilities and bank and other borrowings. These are measured at initial recognition at fair value and subsequently at amortised cost. Bank and other borrowings are stated at the amount of the net proceeds after deduction of transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of less than three months. Bank overdraft balances are offset against positive cash balances where the Group has a legal right of set off. Where cash and cash equivalent balances are not immediately available for use by the Group, for example to meet regulatory requirements, the amount is included in cash and cash equivalents and separately disclosed.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

(ii) Financial liabilities

Financial liabilities are either classified as financial liabilities measured at amortised cost or at fair value through profit and loss. Financial liabilities measured at amortised cost include trade and other payables (excluding tax and social security and deferred income), accruals and finance debt (such as external bank and other loans). Financial liabilities at fair value through profit and loss comprise derivative financial liabilities. Both are presented within current and non-current liabilities in the consolidated balance sheet, according to the period in which they are expected to be settled. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, normally being the transaction price plus, in the case of financial liabilities measured at amortised cost, directly attributable transaction costs. After initial recognition, financial liabilities other than those at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Derecognition

The Group derecognises a financial liability when the contractual obligations to pay the contractual cash flows on the financial liability are discharged, cancelled or expire.

(iii) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange, fuel price and interest rate risks arising from operational and financing activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value through profit or loss. The fair value of foreign currency, interest rate swap and fuel forward contracts is their forward market price at the balance sheet date, based on external valuations or internal valuations using market data. Derivatives are presented as assets when their fair value is positive and liabilities when the fair value is negative, split between current and non-current depending upon the expiry date of the derivative financial instrument.

(iv) Share capital and share premium account

Ordinary shares are classified as equity. Cash received in excess of the nominal value of the shares issued is recognised as share premium.

Provisions

A provision is recognised in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and the outflow of economic benefits can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Restructuring provision

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Related parties

For the purpose of these consolidated financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or significant influence. Related parties may be individuals or entities.

7. New Standards and interpretations not yet adopted

The following new and amended standards and interpretations that have been endorsed by the EU (unless otherwise stated) but are not yet effective are as follows:

IFRS 16 'Leases'

IFRS 16 replaces the current IAS 17 (including IFRS 4 and related IFRICs) on lease accounting. For lessees, there is no longer the requirement to classify leases into operating or finance leases. Instead, all leases are accounted for according to the so-called 'Right of Use' approach. In the consolidated balance sheet, a lessee will recognise an asset for the right to use the leased item and a liability for the future lease payments. There is an optional exemption for short-term leases whose term is less than twelve months and for leases with a value of less than \$5,000. These exemptions will be taken on adoption of this standard.

Whilst the majority of our leases are for yachts and boats within our Guaranteed income sale and leaseback scheme that have a definitive lease term, some leases, typically property leases, require significant judgement to determine the lease term, including the likelihood of exercising a break clause or option to extend.

The effective date for this IFRS is for annual periods beginning on or after 1 January 2019, so the first set of consolidated financial statements that will use the new accounting policy is for the financial year ending 30 September 2020. Application of this new IFRS can also be by way of either full retrospective application or with an initial cumulative change in the year of change, similar to IFRS 15. The Directors are currently intending to adopt the latter approach.

Management continues to assess the effects of IFRS 16 but consider that this will have a significant impact on the Group's reported results and consolidated balance sheet once adopted. In view of the existing obligations from leases shown in Note 32 of these financial statements, there will be a material increase in lease liabilities and in items of property, plant and equipment when it adopts the new standard. Over 700 leases have been identified as part of the transition and approximately 650 of these have been transitioned to IFRS 16 at the date of signing these financial statements with the remaining in progress. For these transitioned leases, it is expected that there will be an increase of approximately £64.0m added to property, plant and equipment and lease liabilities as at 1 October 2019. This figure will rise as the remaining leases are transitioned. The majority of the Group's leases are for yachts or boats, sold and leased back from individuals, where the lease payments tend to be a fixed amount for a fixed period of time. However, the Group also has numerous properties, including yacht and boat bases, where significant judgement is required to determine the appropriate lease term as determined by IFRS 16, and in some cases, whether the contract meets the definition of a lease.

On adoption of the new standard, as a lessee, the Group will recognise depreciation and interest expenses instead of lease rental expenses. It is expected that there will be a relatively small adverse impact on profit/loss before tax due to depreciation and interest charges being slightly greater than operating lease charges and profit recognised from sale and leasebacks being lower under IFRS 16. However, the change will result in a significant improvement in the key financial measure of Adjusted EBITDA (as defined in Note 5). Of the leases that have been transitioned, assuming no change in these leases throughout the financial year ending 30 September 2020 and excluding new, amendments and deletions to leases, Adjusted EBITDA could be expected to increase by approximately £27.0m, depreciation and interest charges will increase by approximately £28.0m, all other things remaining equal. The impact of sale and leasing back assets is excluded from these indicative figures. The change in presentation of lease expenses will also result in an improvement of cash flows from operating activities and a decrease of cash flows from financing activities.

IFRIC 23 'Uncertainty over income tax treatments'. The IFRIC clarifies the recognition and measurement of IAS 12 'Income taxes' when there is uncertainty over the tax treatment until such time that the relevant tax authority or court takes a decision in the future. Consequently, a dispute or examination of a particular tax treatment may affect a company's accounting for a current or deferred tax asset or liability. The IFRIC is effective for accounting periods commencing on or after 1 January 2019 and has been endorsed by the European Union. This IFRIC may have an impact on the accounting for uncertain tax treatments at the date of adoption if such items exist at that point in time, but is currently not expected to be material.

Amendments to IAS 19 'Employee benefits' on plan amendment, curtailment or settlement. The amendment requires an entity to use updated assumptions to determine current service cost and net interest for the remainder of the financial period after a plan amendment, curtailment or settlement. The amendment also requires the recognition in profit or loss as part of past service cost or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. This amendment is not expected to have a material impact on the Group's results were these events were to occur.

Amendments to IAS 1 and IAS 8 on the definition of material. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial reporting; clarify the explanation of the definition of material; and incorporate some guidance in IAS1 about immaterial information. Potential impacts of the revised definition may include the presentation and disclosure of financial statements and measurement of balances.

Other new standards

The following standards and amendments that are issued but not yet effective are not currently considered relevant to, or have a material impact on the Group:

- IFRS 17, 'Insurance Contracts'
- Amendments to IFRS 9, 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform
- Annual improvements (2015-2017)
- Amendments to IAS 28 'Investments in associates'
- Amendments to IFRS 3 – definition of a business

8. Critical accounting estimates and judgements

The preparation of financial statements requires the Directors to make judgements, apart from those involving estimations, that affect the reported results when applying the Group's accounting policies disclosed in Note 6, as well as estimates and assumptions that affects the reported and future amounts of assets, liabilities, income and expenses. Actual results may differ from those reported as a result of applying different judgements, estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimates are revised and in any future periods affected.

The Board has reviewed management's selection, development and disclosure of the Group's critical accounting policies, judgements and estimates and their application, which are set out below:

Judgements

Disposal of the Education division

In February 2018, the Group announced its intention to dispose of the Education division, which comprises 10 brands, including UK-based Travelbound, SkiBound, JCA and World Challenge and a further six brands in North America. The disposal process has continued throughout both last year and this financial year. Towards the end of the financial year, the Directors considered that greater value could be obtained if the US-based businesses were sold separately from the UK-based businesses, as opposed to selling the division as one. On 4 November 2019, the Group announced completion of the sale of four of the US-based businesses, namely the US and Canadian Brightspark businesses, Les Tours Jumpstreet Tours and Travel Turf, Inc, the latter of which traded under the World Class Vacation brand. At the balance sheet date, judgement was required to determine whether the sale met the "highly probable" test of IFRS 5 which would mean that the results of these businesses would form and be classified as, a discontinued operation in the Group's consolidated income statement and its assets and liabilities are recognised within current assets and liabilities as held for sale in the consolidated balance sheet at 30 September 2019. In determining whether the sale was highly probable, the Directors considered the length of time that the sale process had been running, the status of negotiations and differences at the balance sheet date and the basis for selling the Group, where we were not forced or required to sell.

Following such review, the Directors have judged that the "highly probable" test for the US-based businesses had not been met and therefore the US businesses continue to be classified within continuing operations. Instead, the sale represents a post balance sheet event and is disclosed as such.

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Had the Directors judged the tests to have been met at the year end and these US- based businesses be classified as a discontinued operation and its assets held for sale:

- Reported revenues and EBITDA for the year ended 30 September 2019 would have been £76.6m and approximately £4.4m lower respectively.
- Reported loss before tax for the same period would have reduced by £2.6m.
- Net non-current assets and liabilities of £7.7m would have been reclassified as assets held for sale within current assets and liabilities.
- Current assets of £17.9m, including £3.5m of cash, would be reclassified within current assets as assets held for sale.
- Current liabilities of £15.9m would be reclassified within current liabilities as liabilities held for sale.

Following the sale of these US-based businesses, the one remaining US-based business, Studentcity.com Inc, and the UK-based businesses are currently being retained whilst the Directors consider their future strategic direction. As such, significant judgement has not been required to determine whether these businesses should be classified as being held for sale or a discontinued operation.

Separately disclosed items

Separately disclosed items are those significant items which in management's judgement are highlighted by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Such items are included within the income statement caption to which they relate. Judgement is required to determine which costs are of an underlying nature as part of running a tour operator and which are not, with those that are not being presented within this cost category.

As expected, the Group has continued to restructure the size and the shape of all parts of the Group, following the change in ownership in 2017. Under private ownership, this restructure was never expected to be complete within a one year time frame, and as such, much of the restructuring has occurred throughout this year, in addition to the previous financial year. As disclosed last year, the change in the Executive Leadership Team in the year has again led to significant restructuring costs in the current financial year. The Directors have judged that restructuring costs arising from the change in the Executive Leadership Team and the businesses directly impacted by the change of operational, personnel, and IT strategy are of such significance and magnitude, as well as the likelihood of re-occurrence whilst under the current ownership structure, that they do not form part of the underlying costs of running tour operating businesses.

Costs arising from actual or potential M&A activity are also not judged to be underlying in their nature. Natural disasters, weather induced events, operational and logistical issues and their subsequent costs are an inherent risk to any tour operating business. Normal levels of business interruption arising are excluded from Separately disclosed items, but such was the impact and devastation of Hurricanes Irma and Dorian in September 2017 and September 2019 respectively, that the total costs of £0.7m (2018: £9.9m) have also been included in Separately disclosed items. Further details are provided in Note 12. These costs continued to be reported in the consolidated income statement such that the judgements do not impact the Group's reported loss before tax in the year. However, had the Directors judged all Separately disclosed items to be part of the normal, maintainable running costs of a tour operator, then the Group's Adjusted EBITDA would have been reduced by up to £25.9m (2018: £11.1m).

Deferred tax assets

The Group has not recognised £11.8m (2018: £6.7m) of trading losses, as the Directors judge their recovery to be too uncertain at this stage. Whilst the Directors are confident of taxable profits in the future, in view of the quantum of tax losses being carried forward and the expected timescale for using these, the Directors consider there to be insufficient certainty over the timing and recoverability to recognise these amounts at the year end. Had there been more certainty over the timing and recoverability of these assets, then full or partial recognition of these assets would have taken place.

Intangible assets

The Group has incurred £20.6m (2018: £13.9m) in the financial year ended 30 September 2019 directly relating to IT costs, £8.4m (2018: £8.1m) of which has been expensed and included within the Group's Adjusted EBITDA and £12.2m (2018: £5.8m) of which has been capitalised as part of the creation of new IT assets. Direct costs are only capitalised if they meet certain criteria, otherwise they are expensed. Feasibility studies, development costs, certain licences, hosting, support and maintenance costs are expensed since they did not meet the criteria set out in IAS 38 'Intangible assets'.

Judgement is required as to when costs relating to an IT project can be capitalised, which is typically during the build and testing phase and those that cannot be capitalised, typically before an IT project is approved, and subsequent to bringing the IT asset into use in the manner for which it was intended. Judgement is also required in the capitalisation of personnel costs, whether they are employees or contractors and whether their role was that of directly contributing to the building of the asset, or whether they were providing a service or included as overheads, for which these latter two must be expensed. Had the Directors judged some or all of the capitalised costs not to have met the criteria, then the Group's reported loss before tax would have been up to £12.2m (£5.8m) higher.

Judgements and estimates

The Group had 349 yachts in the BVI at the time of Hurricane Irma that were leased and not recognised on the balance sheet. The Group is responsible for repairing or replacing the damaged leased fleet yachts and had insurance policies in place over the full fleet. Consequently the Group has a contingent liability in relation to the cost of replacing lost and repairing damaged yachts, but also a contingent asset in relation to the insurance recovery. Throughout the year and up until the date of signing these consolidated financial statements, the Group has borne the cost of replacing and repairing the yachts but has had to judge the estimated amount of the insurance receivable from the Group's fleet insurers, that is considered to be virtually certain. The Group has not recognised any amount that is not considered to be virtually certain.

Impairment of the UK Tailormade division's non-current assets

As part of accounting for the 2017 acquisition of the Travelopia Group, management was required to estimate the fair value of all assets and liabilities acquired, including any separately identifiable intangible assets. The values attributed to the Hayes & Jarvis and Citalia brands were £10.3m and £3.2m respectively, these being amortised since acquisition to £9.3m and £2.9m respectively by the year end.

The performance of the UK businesses within the Tailormade division during the last financial year, amidst a challenging economic environment, has led the Directors to believe that the return to profitability in Hayes & Jarvis and Citalia will now take longer than originally expected at the time of the Group's acquisition. The underperformance to budget in the financial year ended 30 September 2019 is considered to be an indicator of an impairment and we have tested the recoverability of the non-current assets attributable to the UK businesses within the Tailormade division, following which the remaining carrying value of the UK Tailormade division's non-current assets, including the brand values noted above and totalling £20.3m have been fully impaired. In reaching this conclusion, the impairment test used the latest management-approved budgets, adjusted to reflect the trading performance of the division since the budgets were approved. These updated budgets include estimates for the future revenues, costs and profitability for the following three years.

Useful economic lives of brands

Following the Group's acquisition of the Travelopia Group in 2017, the Group has recognised brands with a carrying value of £47.3m (2018: £58.8m), the material ones being listed in Note 17. Judgements and estimates are required to determine the most appropriate useful economic lives of each type of brand. In making these, the Executive Leadership Team continue to review the Group's strategy for growth, which encompasses the future direction of each business and hence the use of each brand. For example, the carrying value of the brands attributable to the Education division totalled £5.3m (2018: £6.9m) at 30 September 2019, this being after an impairment to the brand value of Student City as a result of the closure of that business. Whilst there have been no changes to the useful economic lives in the current financial year, in addition to the brand impairments totalling £13.6m recognised in the current financial year, details for which are set out in Note 17, future changes to the Group's strategy and hence changes to the useful economic lives of our brands cannot be ruled out, which could either individually or in aggregate, materially impact the carrying value of the brands, together with the annual amortisation and/or impairment charges for that financial year.

Useful economic lives and residual values of marine vessels

The annual depreciation charge for property, plant and equipment is driven by, and sensitive to, both changes in the useful economic lives and residual values of marine vessels (i.e. boats and yachts). Judgement and estimates are required to determine the most appropriate useful economic lives of each type of vessel and estimates are required for determining residual values. Both the useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, economic utilisation, physical condition of the assets and profits/losses experienced over time arising on their disposal.

9. Revenue from contracts with customers

Revenue is analysed as follows:

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Type of good or service		
Sale of holidays	993.0	979.8
Sale of boats	107.4	83.4
Total revenue from contracts with customers	1,100.4	1,063.2

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Timing of revenue recognition		
Over time	982.9	970.2
Point in time	117.5	93.0
Total revenue from contracts with customers	1,100.4	1,063.2

Revenues for the financial year are analysed by source and destination as follows:

	Year ended 30 September 2019		Year ended 30 September 2018	
By Geography	Source £m	Destination £m	Source £m	Destination £m
United Kingdom	345.4	49.3	396.8	55.6
Europe (excluding the UK)	148.7	310.7	143.7	302.3
North America (including Canada)	533.1	209.5	424.1	205.9
Central and South America	7.5	66.4	10.7	61.5
Caribbean	4.2	117.0	14.9	94.9
Africa	4.9	74.1	3.7	64.8
Asia	14.1	124.1	18.3	117.8
Middle East	5.9	11.2	4.4	12.0
Australia, New Zealand and Oceania	36.6	55.9	46.6	67.3
Arctic and Antarctica	-	82.2	-	81.1
Total	1,100.4	1,100.4	1,063.2	1,063.2

10. Employees

Average number of employees

The average monthly number of employees in the Group during the financial year by division was as follows:

	Year ended 30 September 2019	Year ended 30 September 2018
Full time	2,642	2,680
Part-time	293	291
Temps & seasonal	462	492
	3,397	3,463

Employee costs	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Wages and salaries	149.8	140.6
Social security costs	11.6	11.2
Pension costs: Defined contribution pension scheme cost	3.1	2.9
	164.5	154.7

Wages and salaries include £9.8m (2018: £8.7m) of costs which are also presented within Separately disclosed items in Note 12.

Key management compensation

The Company has no employees or employee related costs and the Directors of the Company received no emoluments from the Group during the financial year. The following key management figures comprise the remuneration of the Travelopia Board members. The Group considers the Travelopia Board members to be those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group.

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Aggregate emoluments	5.1	4.9
Termination benefits	1.1	3.7
Pensions benefits	0.1	0.1
	6.3	8.7

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11. Acquisition and disposal related items

Acquisition and disposal related items comprise the following expenses, which are included within administrative expenses whilst the loss on disposal of Group subsidiaries has been disclosed separately as other expenses within the consolidated income statement.

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Acquisition and disposal related items in operating profit		
Amortisation of business combination intangibles (Note 17)	(5.8)	(12.1)
Impairment of business combination intangibles (Note 17)	(14.4)	(6.7)
Change in the fair value of contingent consideration	-	(2.0)
Employment related deferred consideration	(0.7)	-
Acquisition and disposal transaction fees	(1.8)	(0.1)
	(22.7)	(20.9)
Other disposal related items		
Net (loss)/profit on disposal of Group subsidiaries	(0.6)	5.7
	(23.3)	(15.2)

The results of the companies disposed have not been classified as a discontinued operation since they did not form a single material cash generating unit or division of the Group.

During the year the Group disposed of the entire share capital of four small Group subsidiaries and the Flexiski business trade and assets as follows:

	Sportsworld	Williment	Fanatics	Fanfirm	Flexiski	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
	£m	£m	£m	£m	£m	£m	£m
Intangible assets	-	0.3	-	0.1	-	0.4	0.3
Property, plant and equipment	0.1	-	-	-	-	0.1	-
Non-current trade and receivables	-	-	-	0.6	-	0.6	0.1
Deferred tax asset	0.1	-	-	0.1	-	0.2	-
Current trade and other receivables	0.2	4.3	0.3	5.3	0.1	10.2	2.4
Cash and cash equivalents	0.5	0.9	0.1	0.9	0.1	2.5	0.6
Current trade and other payables	(0.6)	(5.4)	(0.2)	(6.5)	(0.2)	(12.9)	(2.8)
Net assets disposed	0.3	0.1	0.2	0.5	-	1.1	0.6
Total consideration received in cash	-	0.4	-	-	0.1	0.5	6.3
Less: net assets disposed	(0.3)	(0.1)	(0.2)	(0.5)	(0.0)	(1.1)	(0.6)
Net (loss)/profit on disposal	(0.3)	0.3	(0.2)	(0.5)	0.1	(0.6)	5.7

12. Separately disclosed items

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Restructuring costs	14.3	13.2
Hurricanes Irma and Dorian related costs	0.7	9.9
Other costs and charges	11.9	2.8
	26.9	25.9
Separately disclosed insurance recoveries	-	(12.7)
Settlement income	(1.0)	(2.1)
Separately disclosed items	25.9	11.1

Restructuring costs

A further analysis of the restructuring costs incurred is as follows:

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Executive leadership team and personnel restructure and reorganisation costs	3.0	7.8
Other Group and divisional costs for restructuring and strategic projects	8.6	2.3
IT restructure and transformation costs	1.5	2.2
M&A project costs for other/incomplete acquisitions and disposals	1.2	0.9
	14.3	13.2

Following the acquisition of the Group by KKR in June 2017, the Group has seen significant changes in its Executive Leadership Team and its operations during the last two financial years. The Group is two years into a four year strategic plan to build the world's leading experiential travel Group and has laid down the foundations for the delivery of this strategy during the financial year.

The restructuring costs presented above have been included in Separately disclosed items since the Directors judge these costs to have arisen from the Group's previous internal management and group structure, as opposed to the underlying, maintainable performance of its tour operating businesses.

As part of Group's four year strategic plan, extensive restructuring has occurred across a number of the Group's divisions, the costs for which have totalled £8.6m (2018: £2.3m) in the financial year. This includes: the Tailormade division, where significant right-sizing of the business has been required to reduce headcount and change operations with a view to turn around this business; the US Education business, firstly in restructuring to enable the sale of the business and then secondly, as a result of closing the Student City business during the financial year; further restructuring of Group functions; an overhaul of the Expedition businesses, to move the Trek America and Headwater businesses into Exodus and to legally merge International Expeditions into Zegrahm and a restructure of our Sales, back office and Finance function within our Yachts brands. In the financial year ended 30 September 2018, the comparative costs totalled £2.3m and mainly related to the restructure of Head office functions and consultancy costs for yield management systems across the Group. Whilst restructuring costs as a whole have therefore continued over a two year period, given the one-off nature of this Group restructure, these costs have been judged to be reported within Separately disclosed items.

In the financial year ended 30 September 2018, IT Transformation costs of £2.2m arose following a one-off, in-depth Group-wide third party review of all IT platforms and systems. These restructuring costs have continued in this financial year with a change of personnel at the head of our IT operations. Total costs arising in the financial year amounted to £1.5m, which mainly comprised of additional redundancy and operational change costs.

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Hurricane Irma and Dorian related costs

Costs relating to Hurricanes Irma and Dorian are included within Separately disclosed items due to the size and financial impact of the hurricanes, Irma being the most powerful Atlantic hurricane in recorded history and Dorian due to the complete destruction of our leased base in Marsh Harbour in the Abaco Islands.

A total of £9.9m of costs was incurred in the year ended 30 September 2018 following Hurricane Irma in September 2017. The total cost included the repairs spent in that financial year on the BVI yacht base of £4.3m together with costs for the subsequent business restructure of the bases impacted, clean up and boat moving costs and inventory and receivable impairment charges. Offsetting some of these costs was an insurance recovery of £12.7m, which was apportioned to the cost of repairs to the damaged property and included within Separately disclosed items as a reduction to the total costs that have been incurred.

Separately disclosed costs of £0.7m have been recognised in the financial year ended 30 September 2019 mainly in respect of Hurricane Dorian, arising principally from fleet and property insurance deductibles and contractually obliged lease owner payments, costs for the subsequent business restructure of the bases impacted, clean up and boat moving costs and other costs and losses arising as a direct result of the hurricane.

Other separately disclosed costs and charges

Additional analysis of other separately disclosed costs and charges is as follows:

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
TCS aircraft handback settlement agreement	1.7	-
Costs arising from the failure of Thomas Cook	0.9	-
Quark expedition cancellation costs	2.1	0.5
KKR fees	1.0	1.2
Legal cases and advisory fees	3.2	0.7
Long term incentive plan charges	1.4	-
Other costs and charges for one off/specific projects	1.6	0.4
	11.9	2.8

In the financial year ended 30 September 2018, costs related to the cancellation of two Quark Expeditions fly-cruise expeditions totalled £0.5m, these being recognised as a Separately disclosed item as the Southern Atlantic weather was so poor that it was the first time that two of Quark's fly-cruise itineraries have had to be cancelled due to weather-related events that prevented flying to and from the Antarctic peninsula. The cancellation costs arising in the year ended 30 September 2019 arose from the late delivery of the World Explorer ship from its owners, which led to the cancellation of the Antarctic season on this ship, the first time Quark has ever had to cancel a season.

Fees charged by KKR of £1.0m (2018: £1.2m) have been included as a Separately disclosed item since this is considered to be a charge based on the Group's ownership structure and not from tour operations. The majority of the legal fees in both financial years relate to one legal case in the US (in which the Group was found in court in December 2019 to be the successful claimant in the case) and are classified within Separately disclosed items due to the quantum of the costs incurred, the long running timeframe and also the nature of the case.

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Separately disclosed items within operating profit are included within the consolidated income statement as follows:

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Revenues	-	(2.1)
Cost of sales	5.3	10.6
Administrative expenses	20.6	15.3
Other income	-	(12.7)
	25.9	11.1

13. Financial income

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Bank interest income	0.4	0.1
Discounting of financial liabilities	-	0.8
Foreign exchange gains on financial items	4.3	2.2
Gains on derivative financial instruments	-	3.2
Other interest income	0.5	0.5
Financial income	5.2	6.8

14. Financial expenses

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Bank and other interest payable	5.1	5.1
Facility fees and accretion of loan issue costs	1.4	1.5
Foreign exchange losses on financial items	1.1	0.6
Losses on derivative financial instruments	10.7	-
Financial expenses	18.3	7.3

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15. Income, expenses and auditors' remuneration

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Included within loss before tax in the consolidated income statement for the financial year are the following charges/(credits):		
Operating lease rentals: aircraft, cruise ships, yachts and boats, land and buildings and other equipment	69.9	65.5
Depreciation of property, plant and equipment	18.7	15.4
Impairment of property plant and equipment	0.8	-
Amortisation of intangible assets: business combination intangibles	5.8	12.1
Amortisation of intangible assets: other intangibles	6.1	6.7
Impairment of acquisition-related intangible assets	14.4	6.7
Impairment of other intangible assets	7.7	0.7
Insurance proceeds received in respect of Hurricane Irma	(0.7)	(22.9)
Gains)/losses on disposal of property, plant and equipment and intangibles	(0.4)	(1.0)
Gains on foreign currency translation	(1.4)	(1.7)
Impairment of trade receivables	0.7	0.3

Services provided by the Company's auditors and its associates

During the financial year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Fees payable to the Company's auditors for the audit of the Parent Company and consolidated financial statements	0.1	0.1
Fees payable to the Company's auditors and its associates for other services:		
Audit of the Company's subsidiaries pursuant to legislation	0.7	0.6
Auditors' remuneration for audit services	0.8	0.7
Other services provided to comply with legislation ¹	0.1	0.1
Audit and audit related services	0.9	0.8

¹ Relates principally to regulatory returns

16. Taxation

The tax charge can be summarised as follows:

(i) Analysis of charge in the financial year

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Current tax charge		
UK corporation tax on profit for the financial year	-	-
Non-UK tax on profit for the financial year	8.2	3.2
Adjustment in respect of prior years	(3.8)	2.1
	4.4	5.3
Deferred tax charge/(credit)		
Origination and reversal of temporary differences:		
Current year UK	(3.5)	(3.3)
Current year non-UK	2.8	10.6
Adjustment in respect of prior years	(0.8)	(1.7)
	(1.5)	5.6
Total income tax charge in consolidated income statement	2.9	10.9

(ii) Reconciliation of effective tax rate

The total tax charge for the financial year is different to the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	Year ended 30 September 2019 £m	Year ended 30 September 2018 £m
Loss before tax	(42.9)	(3.7)
Loss multiplied by the UK standard rate of tax of 19%	(8.2)	(0.7)
Effects of:		
Expenses not deductible for tax purposes	3.1	2.0
Income not taxable	(1.5)	(4.7)
Foreign earnings taxable in the United States	1.1	-
Tax losses not recognised as deferred tax asset	7.1	4.4
Different tax rates on overseas earnings	3.9	2.3
Effect of changes in tax rates	0.4	6.6
Overseas taxes paid	1.6	0.6
Adjustment in respect of prior years	(4.6)	0.4
Total income tax charge in consolidated income statement	2.9	10.9

(iii) Factors affecting the future tax charge

UK Corporation tax

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Act 2016. This includes a reduction to the main rate of UK Corporation tax to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using this rate where the reversal is expected to occur after 1 April 2020. This reduction may also reduce the Company's future current tax charge for its UK companies accordingly.

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17. Intangible assets

	Goodwill	Brands	Customer relationships	Order book	Contracts	Computer software	Software in development	Licences	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cost									
At 30 September 2017	-	66.5	13.2	12.5	4.2	18.9	6.6	2.0	123.9
Additions	-	-	-	-	-	3.7	2.1	-	5.8
Transfers	-	-	-	-	-	0.9	-	-	0.9
Asset reclassifications	-	-	-	-	-	4.1	(4.1)	-	-
Disposals	-	-	-	-	-	(1.7)	-	-	(1.7)
Foreign exchange	-	0.7	0.1	0.2	0.1	0.5	-	-	1.6
At 30 September 2018	-	67.2	13.3	12.7	4.3	26.4	4.6	2.0	130.5
Arising on acquisition	9.8	4.1	0.4	0.8	-	2.7	-	-	17.8
Additions	-	-	-	-	-	4.4	7.8	-	12.2
Transfers	-	-	-	-	-	2.2	(0.9)	-	1.3
Asset reclassifications	-	-	-	-	-	2.0	(2.0)	-	-
Disposals	-	(0.6)	-	(12.7)	-	(0.7)	-	-	(14.0)
Foreign exchange	-	1.5	0.3	-	0.1	0.4	0.1	-	2.4
At 30 September 2019	9.8	72.2	14.0	0.8	4.4	37.4	9.6	2.0	150.2
Accumulated amortisation									
At 30 September 2017	-	(0.8)	(0.8)	(6.4)	(0.1)	(1.8)	-	-	(9.9)
Provided in the financial year	-	(2.9)	(3.0)	(6.2)	(0.3)	(6.4)	-	-	(18.8)
Impairment loss	-	(4.6)	(2.1)	-	-	(0.7)	-	-	(7.4)
Transfers	-	-	-	-	-	(0.4)	-	-	(0.4)
Disposals	-	-	-	-	-	1.3	-	-	1.3
Foreign exchange	-	(0.1)	-	(0.1)	-	(0.2)	-	-	(0.4)
At 30 September 2018	-	(8.4)	(5.9)	(12.7)	(0.4)	(8.2)	-	-	(35.6)
Provided in the financial year	-	(2.9)	(2.5)	(0.1)	(0.2)	(6.2)	-	-	(11.9)
Impairment loss	-	(13.6)	(0.8)	-	-	(6.9)	(0.8)	-	(22.1)
Transfers	-	-	-	-	-	(0.2)	-	-	(0.2)
Disposals	-	0.1	-	12.7	-	0.6	-	-	13.4
Foreign exchange	-	(0.1)	(0.1)	-	-	(0.2)	-	-	(0.4)
At 30 September 2019	-	(24.9)	(9.3)	(0.1)	(0.6)	(21.1)	(0.8)	-	(56.8)
Net book value									
At 30 September 2018	-	58.8	7.4	-	3.9	18.2	4.6	2.0	94.9
At 30 September 2019	9.8	47.3	4.7	0.7	3.8	16.3	8.8	2.0	93.4

Goodwill, brands, customer relationships and order book values arose on the acquisition of the Enchanting Travel group further details for which are provided in Note 30. The goodwill balance of £9.8m (2018: £nil) all arose on the acquisition of Enchanting Travels. Amortisation of intangible assets of £11.9m (2018: £18.8m) is recognised in the consolidated income statement within administrative expenses.

In accordance with IAS 36, an impairment test has been performed on the recoverability of the goodwill relating to the acquisition of Enchanting Travels. The recoverable amount has been based on a value in use basis, using formally approved budgets of forecasted profitability over a three year period. As part of the Travelopia Group, Enchanting Travels will undertake significant expansion in its destination offering, which is expected to drive profitability growth in this period. Management uses its significant tour operating experience in estimating revenue and cost growth during this period of expansion to derive future cash flows. A growth rate of 2% has been used to extrapolate cash flow projections beyond the three year budget period, whilst a post tax discount rate of 11.3% has been used. There is no reasonably possible change to these estimates that would require this goodwill to be impaired.

At 30 September 2019, the carrying value of the intangible and tangible assets of the UK tailormade businesses, operating under the Hayes & Jarvis Travel, Sovereign, Citalia and Travelmood brands, totalled £20.2m. This consisted principally of £9.3m (2018: £9.8m) and £2.9m (2018: £3.0m) respectively for the Hayes & Jarvis and Citalia brands; £7.5m for the division's computer software and software in construction; and £0.4m of property, plant and equipment. During the year, the UK tailormade businesses again underperformed against expectations following tougher than expected trading conditions, a challenging economic environment impacted by protected Brexit negotiations and intense competition in the market in which the brands operates. The underperformance to budget has led the Directors of the Company to consider this be an indicator of an impairment and have tested the recoverability of the above assets within and attributable to the UK Tailormade businesses. The test was based on a value in use calculation, using discounted future cashflow forecasts and the most recently approved budgets for that business, a long term growth rate of nil and a pre tax discount rate of 13.0%.

Following the test, in addition to the amounts recognised during the financial year as amortisation charges above, impairment losses against intangible assets and property, plant and equipment totalling £20.2m has been recognised within administrative expenses during the financial year in order to impair these assets in full. £12.2m of this impairment is also included within acquisition and disposal related items (Note 11) as these were business combination intangible assets.

In the year ended 30 September 2018, the carrying value of the brand and customer relationship for Sovereign, totalling £6.7m respectively was impaired in full.

Additionally, following the closure of our Student City business in the financial year, the total value for the related brand and customer relationship of £2.2m has been fully impaired. This impairment loss has also been recognised within administrative expenses during the financial year.

Individual intangible assets within the above categories include the following material values of brands:

	Remaining amortisation period Years	30 September 2019 Brands £m	30 September 2018 Brands £m
Quark Expeditions	23	7.0	6.9
TCS World Travel	23	8.1	8.0
Exodus	23	7.2	7.5
Enchanting Travels	15	4.0	-
The Moorings	18	3.6	3.8
Sunsail	18	2.2	2.3

The Group comprises the world's largest collection of specialist travel companies with over 40 brands. The seven divisions contain various entities that employ different brands which are used to go to market. In most cases the brands are the same as, or similar to, the trading names of the entities within the specific division and the entities are reliant on their own brand names for their marketing efforts.

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18. Property, plant and equipment

	Land and buildings £m	Yachts and motor boats £m	Aircraft equipment £m	Computer equipment £m	Other equipment £m	Total £m
Cost						
At 30 September 2017	50.1	136.7	5.4	3.2	8.3	203.7
Additions	0.4	20.9	-	1.0	12.4	34.7
Transfers	0.1	2.0	-	0.1	(2.2)	-
Asset reclassifications	-	(1.2)	-	(0.4)	0.7	(0.9)
Disposals	(0.6)	(18.5)	(0.1)	(0.1)	(1.5)	(20.8)
Foreign exchange	0.7	0.8	0.1	0.1	0.1	1.8
At 30 September 2018	50.7	140.7	5.4	3.9	17.8	218.5
Arising on acquisition	-	-	-	0.1	-	0.1
Additions	6.5	14.3	-	0.8	9.9	31.5
Transfers	2.3	1.7	-	(0.2)	(5.1)	(1.3)
Asset reclassifications	-	-	-	0.1	(0.1)	-
Disposals	(0.4)	(8.7)	-	-	(0.4)	(9.5)
Foreign exchange	2.0	2.0	0.3	0.1	0.8	5.2
At 30 September 2019	61.1	150.0	5.7	4.8	22.9	244.5
Accumulated depreciation						
At 30 September 2017	(9.5)	(3.1)	(0.1)	(0.3)	(0.4)	(13.4)
Asset reclassifications	-	0.1	-	0.3	-	0.4
Provided in the financial year	(1.5)	(10.2)	(0.6)	(1.3)	(1.8)	(15.4)
Disposals	0.6	5.9	-	0.2	0.7	7.4
Foreign exchange	-	-	-	-	0.1	0.1
At 30 September 2018	(10.4)	(7.3)	(0.7)	(1.1)	(1.4)	(20.9)
Transfers	-	-	-	-	0.2	0.2
Provided in the financial year	(1.8)	(11.0)	(2.5)	(1.2)	(2.2)	(18.7)
Impairment	(0.4)	-	-	(0.4)	-	(0.8)
Disposals	0.4	0.1	-	-	0.2	0.7
Foreign exchange	(0.6)	(1.3)	(0.1)	(0.1)	-	(2.1)
At 30 September 2019	(12.8)	(19.5)	(3.3)	(2.8)	(3.2)	(41.6)
Net book value						
At 30 September 2018	40.3	133.4	4.7	2.8	16.4	197.6
At 30 September 2019	48.3	130.5	2.4	2.0	19.7	202.9

Other disclosures

Other equipment includes assets under construction with both a cost and net book value of £13.6m (2018: £14.4m) as at 30 September 2019, which principally comprises of Quark Expedition's new ship and TCS World Travel's owned aircraft equipment (which will be included in its new planes), both of which are scheduled for delivery in 2020. During the financial year, additions to assets under construction totalled £8.5m (2018: £14.6m), whilst £5.4m (2018: £2.2m) was brought into use and transferred largely into yachts and motor boats.

19. Trade and other receivables

	30 September 2019			30 September 2018		
	Current assets	Non-current assets	Total assets	Current assets	Non-current assets	Total assets
	£m	£m	£m	£m	£m	£m
Trade receivables, gross	9.0	-	9.0	12.3	0.8	13.1
Less: allowance for expected credit losses	(1.5)	-	(1.5)	(0.9)	-	(0.9)
	7.5	-	7.5	11.4	0.8	12.2
Receivables from related parties	1.9	-	1.9	1.3	-	1.3
Other receivables	10.0	3.8	13.8	15.1	3.8	18.9
	19.4	3.8	23.2	27.8	4.6	32.4
Prepayments	72.8	-	72.8	80.4	-	80.4
Total	92.2	3.8	96.0	108.2	4.6	112.8

The maximum exposure to credit risk for trade receivables is analysed by geographic region as follows:

	30 September 2019	30 September 2018
	£m	£m
United Kingdom	5.0	7.0
United States of America	2.4	2.5
Europe excluding United Kingdom	0.9	1.9
Rest of the World	0.7	1.7
Total	9.0	13.1

Trade receivables are disclosed net of the allowance for expected credit losses, an analysis of which is shown below:

	30 September 2019	30 September 2018
	£m	£m
Balance at 1 October 2018	0.9	0.6
Charged to the consolidated income statement	0.7	0.4
Released to the consolidated income statement	(0.1)	(0.1)
Total	1.5	0.9

The ageing of the financial assets included within trade and other receivables at the balance sheet date was:

	30 September 2019			30 September 2018		
	Gross	Allowance	Net	Gross	Allowance	Net
	£m	£m	£m	£m	£m	£m
Not overdue	17.6	(0.8)	16.8	18.3	(0.3)	18.0
Overdue 1-30 days	0.4	(0.4)	-	1.0	-	1.0
Overdue 31-90 days	0.5	(0.1)	0.4	1.1	-	1.1
Overdue 91-180 days	0.7	(0.2)	0.5	0.2	-	0.2
Overdue over 180 days	-	-	-	0.7	(0.6)	0.1
Total	19.2	(1.5)	17.7	21.3	(0.9)	20.4

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Credit exposure to individual customers booking expeditions, tours and holidays directly is limited as full payment is required before the issue of tickets and departure. In the case of travel services sold by third party agents, the credit risk depends on the creditworthiness of those third parties, but this risk is also limited because of the relatively short period of credit and the large number of travel agencies used across the Group. The Directors do not consider there to be a significant concentration of credit risk relating to trade and other receivables.

No individually material bad debt provision movement or charges has been recorded in the financial year. Based on past experience and the post balance sheet period to the date of approval of these consolidated financial statements, the Group considers that the provision allowance recorded is adequate. Within the provision there are no individually material amounts held. Provisions for doubtful debts in respect of trade receivable balances are managed by each underlying business unit where the debts arise and are based on local management experience. Factors considered include the age of the receivable, previous experience with the counterparty and the economic environment in which the counterparty is located.

Receivable from related parties of £1.9m (2018: £1.3m) represents amounts due from Tim Topco Limited, the Company's immediate parent company.

Prepayments include amounts paid in advance to suppliers of flight, accommodation and other services in order to guarantee the provision of those supplies. There is a performance risk in respect of the continued operation of those suppliers during the period over which the supplies are made, the maximum amount of risk being equal to the carrying value.

20. Retirement benefit obligations

Pension schemes

The Group operates pension schemes for employees eligible and wishing to participate in the schemes. These comprise both defined contribution and a defined benefit scheme. Pension obligations vary reflecting the different legal and market conditions in each country of operation. Defined contribution schemes are funded by the payment of contributions to private and state-run organisations, whilst the defined benefit scheme comprises of one funded scheme. Current contributions to the defined contribution schemes are recognised as an expense in the year and, once paid, the Group has no further liability.

Defined benefit pension scheme – Emerald Star

One Group company, Emerald Star Limited ("Emerald Star"), provides pensions for certain of that Company's permanent current and former employees which are funded through a final salary defined benefit pension scheme (the "Scheme"). The Scheme's assets are held separately from the assets of Emerald Star in separate trustee administered funds. The Scheme was closed to new entrants from 19 August 2002 and its participants are not required to make contributions to the Scheme. Annual contributions are being made by the Company.

Role of the Trustees

The Trustees comprise representatives appointed by Emerald Star. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible in particular for the asset investment policy plus the day-to-day administration of the benefits. They are also responsible for jointly agreeing with the employer the level of contributions.

Funding requirements

The Trustee undertakes actuarial valuations of the Scheme at least every three years. These are conducted by qualified, independent actuaries. The latest actuarial valuation that was fully concluded at the balance sheet date was undertaken as at 1 July 2017. Valuations of the Scheme's assets are made using market-based valuations and the defined benefit obligation is calculated using the Projected Unit Credit Method.

Triennial actuarial valuations are carried out to determine the Company contribution rate required to support and maintain the Scheme in order to adequately fund the Scheme's deficit and provide benefits under the Scheme. The solvency of the Scheme, as determined by the Funding Standard (the statutory minimum funding requirement) is reviewed annually.

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Assumptions

Assumptions under IAS 19 (revised) are set using the best estimate with reference to market conditions at the valuation date. The assets of each Scheme have been taken at market value whilst liabilities have been calculated using the following principal financial and demographic assumptions:

	30 September 2019 %	30 September 2018 %
<i>Financial assumptions</i>		
Discount rate	0.80	1.95
Pensionable salary increases	2.00	2.00
Pension increases	0.00	0.00

Demographic assumptions

The mortality assumptions explicitly allow for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The table below shows the life expectancy for members attaining age 65 in 2018 and 2038.

	30 September 2019 Years	30 September 2018 Years
<i>Life expectancy</i>		
Males		
Life expectancy in years for a pensioner retiring aged 65, on the balance sheet date	21.5	21.4
Life expectancy in years for a pensioner retiring aged 65, 20 years after the balance sheet date	23.9	23.9
Females		
Life expectancy in years for a pensioner retiring aged 65, on the balance sheet date	24.0	23.8
Life expectancy in years for a pensioner retiring aged 65, 20 years after the balance sheet date	26.0	25.9

Sensitivity analysis

The sensitivity of the Scheme's liabilities to the above key financial and demographic assumptions is illustrated below:

	30 September 2019 £m	30 September 2018 £m
Discount rate		
Decrease in obligation due to increasing discount rate by 0.5%	(0.3)	(0.3)
Increase in obligation due to decreasing discount rate by 0.5%	0.3	0.3
Pensionable salary inflation		
Increase in obligation due to increasing pensionable salary inflation by 0.5%	0.1	0.1
Decrease in obligation due to decreasing pensionable salary inflation by 0.5%	(0.1)	(0.1)
Demographic assumptions		
<i>Mortality rate</i>		
Increase in obligation due to increasing life expectancy by 1 year	0.1	0.1

The sensitivity analysis above has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the financial period and may not be representative of the actual change. It is based on the key assumptions while holding all other assumptions constant.

Composition of members

The valuations are based on participant data at each financial year end. The following table summarises the number of members in the Scheme:

	30 September 2019 (number)	30 September 2018 (number)
Active members	7	7
Pensioners	13	13
Deferred pensions	27	28
Total	47	48

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Analysis of present value of defined benefit obligations

	30 September 2019 £m	30 September 2018 £m
Active members	1.3	1.0
Deferred members	0.9	0.9
Pensioners	0.9	0.8
Total	3.1	2.7

Duration

The weighted average duration of the defined benefit obligation is 20 years (2018: 20 years).

Maturity analysis of expected benefit payments

Expected benefit payments based on past and future service for current membership and falling due within the following timescales are as follows:

	30 September 2019 £m	30 September 2018 £m
Within two to five years	0.2	0.2
After five years	0.4	0.3
Total	0.6	0.5

Risks

The Scheme exposes Emerald Star to a number of financial risks (asset risk, interest rate risk and inflation risk) and demographic risk (mortality risk).

Asset risk

74% (2018: 77%) of the Scheme's assets are invested in equity and absolute return funds which are expected to outperform bonds in the long term, but are likely to increase the volatility of the balance sheet and risk of deficit in the short term. Investing in these asset classes also creates concentration and liquidity risk. Concentration risk is the risk that the performance of a single investment class might negatively impact on the Trustees' ability to meet their objectives. Liquidity risk is the risk of a shortfall in cash relative to the short-term liabilities.

Interest rate risk

The Scheme is subject to interest rate risk, where a decrease in corporate bond yields would increase the value placed on the defined benefit obligation for accounting purposes, resulting in an increased deficit. However, this is partially mitigated by investing 25% (2018: 22%) of the Scheme's assets in government bonds as at 30 September 2019.

Inflation rate risk

A significant proportion of the Scheme's defined benefit obligation is indexed in line with price inflation, specifically inflation in salaries and deferred pensions. This is a risk to the Scheme particularly in relation to the active and deferred category of membership, making up 72% (2018: 70%) of the total liabilities). Inflation rate risk is partially mitigated by the investment of approximately 74% (2018: 77%) of the Scheme's assets in growth assets expected to grow in the long term such as equities.

Mortality risk

The majority of the Schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liability, as shown in the sensitivity table above.

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Key accounting results

Emerald Star's net defined benefit (obligation)/asset is recognised in the balance sheet as follows:

	30 September 2019 £m	30 September 2018 £m
Present value of defined benefit obligations	(3.1)	(2.7)
Fair value of plan assets	2.9	2.8
Net (obligation)/asset recognised in the balance sheet	(0.2)	0.1

A reconciliation of the Company's net defined benefit (obligation)/asset, analysed between the defined benefit obligation and plan assets is as follows:

	Present value of defined benefit obligation £m	Fair value of plan assets £m	Net defined benefit asset £m
At 30 September 2017	(2.7)	2.7	-
Net finance expense	-	-	-
Charge to the income statement	-	-	-
<i>Remeasurement of the net defined benefit asset:</i>			
Return on plan assets being greater than the discount rate	-	0.1	0.1
Credit to other comprehensive income	-	0.1	0.1
Employer contributions and benefits paid	-	-	-
At 30 September 2018	(2.7)	2.8	0.1
Net finance expense	-	-	-
Charge to the income statement	-	-	-
<i>Remeasurement of the net defined benefit asset:</i>			
Return on plan assets being greater than the discount rate	-	0.1	0.1
<i>Actuarial changes arising from changes in demographic assumptions</i>	(0.4)	-	(0.4)
Charge to other comprehensive income	(0.4)	0.1	(0.3)
Employer contributions and benefits paid	-	-	-
At 30 September 2019	(3.1)	2.9	(0.2)

Assets

The fair value of the Scheme's assets at 30 September 2019 was as follows:

	30 September 2019 £m	30 September 2018 £m
Equities	1.3	1.2
Government bonds	0.7	0.6
Absolute return funds	0.9	1.0
Total	2.9	2.8

All of the Scheme's assets were valued using a quoted market price in an active market. The Scheme's assets do not include any ordinary shares issued by Emerald Star, nor any property occupied by, or other assets used by that company or the Group.

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21. Deferred tax assets and liabilities

	30 September 2019		
	Assets	Liabilities	Net
	£m	£m	£m
Acquisition related intangible assets	6.4	(12.9)	(6.5)
Other intangible assets and property, plant and equipment	5.2	(8.5)	(3.3)
Financial instruments	1.9	(0.4)	1.5
Other short-term temporary differences	6.9	(0.2)	6.7
Tax value of losses carried forward	1.7	-	1.7
Total	22.1	(22.0)	0.1
Set off of deferred tax within the same jurisdiction	(5.6)	5.6	-
Net deferred tax assets	16.5	(16.4)	0.1

	30 September 2018		
	Assets	Liabilities	Net
	£m	£m	£m
Acquisition related intangible assets	8.0	(14.6)	(6.6)
Other intangible assets and property, plant and equipment	5.2	(10.1)	(4.9)
Financial instruments	0.6	(0.3)	0.3
Other short-term temporary differences (restated)	6.3	(1.0)	5.3
Tax value of losses carried forward	5.8	-	5.8
Total	25.9	(26.0)	(0.1)
Set off of deferred tax within the same jurisdiction	(7.4)	7.4	-
Net deferred tax liabilities	18.5	(18.6)	(0.1)

Acquisition related intangible assets relate to temporary differences in respect of assets and liabilities recognised on the acquisition of the Travelopia Group. Property, plant and equipment temporary differences principally relate to tax depreciation being different to accounting depreciation in the UK and the US. Financial instruments arise in respect of financial instruments accounted for under IFRS 9 and principally reflect the fair value at 30 September 2019 of derivatives that will be settled against future transactions. Other short-term temporary differences principally relate to operating expenses and related accruals and provisions for which a tax deduction has yet to be recognised. The Group has recognised deferred tax assets relating to tax losses in individual tax jurisdictions to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Movements in deferred taxation during the current financial year are analysed as follows:

	Credited/ (charged) to the Acquisition consolidated income statement				30 September 2019
	30 September 2018	and disposals	Foreign exchange		
	£m	£m	£m	£m	£m
30 September 2019					
Acquisition related intangible assets	(6.6)	(1.8)	1.6	0.3	(6.5)
Other intangible assets and property, plant and equipment	(4.9)	(0.1)	2.0	(0.3)	(3.3)
Financial instruments	0.3	-	1.9	(0.7)	1.5
Other short term temporary differences	5.3	-	1.6	(0.2)	6.7
Tax value of losses carried forward	5.8	-	(5.6)	1.5	1.7
Total	(0.1)	(1.9)	1.5	0.6	0.1

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	30 September 2017	Credited/ (charged) to the consolidated income statement	Foreign exchange	30 September 2018
	£m	£m	£m	£m
30 September 2018				
Acquisition related intangible assets	(8.9)	2.4	(0.1)	(6.6)
Other intangible assets and property, plant and equipment	(8.3)	3.4	-	(4.9)
Financial instruments	0.7	(0.6)	0.2	0.3
Other short term temporary differences	17.3	(12.2)	0.2	5.3
Tax value of losses carried forward	4.4	1.4	-	5.8
Total	5.2	(5.6)	0.3	(0.1)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (reported at the applicable tax rate):

	30 September 2019	30 September 2018
	£m	£m
Trading losses	11.8	6.7
Non-trading losses	0.4	0.4
Total losses	12.2	7.1

These assets have not been recognised principally because the Directors are not sufficiently certain of the timing of any taxable benefits that are expected to arise in the future.

22. Inventories

	30 September 2019	30 September 2018
	£m	£m
Marine inventories	26.3	19.9
Other operating inventories	1.9	1.9
Total	28.2	21.8

23. Assets classified as held for sale

	30 September 2019	30 September 2018
	£m	£m
Boats	-	0.2
Property	-	0.7
Assets classified as held for sale	-	0.9

24. Cash and cash equivalents

	30 September 2019 £m	30 September 2018 £m
Cash at bank - unrestricted	238.0	229.9
Cash at bank - deposits with maturity within three months	0.5	1.0
Cash at bank - other restricted	60.6	64.6
Cash in hand	0.3	0.3
Cash and cash equivalents	299.4	295.8

Cash at bank of £60.6m (2018: £64.6m) is restricted due to travel regulatory requirements, including £57.1m (2018: £61.4m) of which is restricted due to US travel regulations for flights, whereby customer deposits are held in a separate escrow account, which can only be used within certain periods prior to departure date for the purposes of paying direct costs of the trip and then returned to the company after the trip's return date.

25. Interest-bearing loans and borrowings

	30 September 2019		
	Current liabilities	Non-current liabilities	Total
	£m	£m	£m
Secured bank loans	0.2	110.7	110.9
Unsecured bank loan	0.1	0.2	0.3
Other financial liabilities	1.2	6.7	7.9
Total	1.5	117.6	119.1

	30 September 2018		
	Current liabilities	Non-current liabilities	Total
	£m	£m	£m
Secured bank loan	0.2	97.2	97.4
Other financial liabilities	1.1	6.0	7.1
Total	1.3	103.2	104.5

Secured bank loans

The Group has a Senior Facilities Agreement with a syndicate of banks for a term loan facility of £100.0m (2018: £100.0m) with a maturity date of 15 June 2024 together with a revolving credit facility of £80.0m (2018: £80.0m) with a maturity date of 15 June 2023. £2.0m (2018: £2.0) of the revolving credit facility has been designated for letters of credit, with the remaining £78.0m (2018: £78.0m) being available for drawing down cash.

The £100.0m term loan facility has been fully drawn throughout both financial years and is secured by a fixed and floating charge over certain assets of the Group as explained below and bears interest at LIBOR plus a margin between 3.75% and 4.5%, which is dependent upon a margin ratchet based on the ratio of total net debt of the Group to the Group's consolidated earnings before separately disclosed items, interest, tax, depreciation and amortisation (as defined in the Group's Senior Facilities Agreement). The applicable margin for the current financial year was between 3.75% and 4.0% (2018: between 3.75 and 4.5%). The £100.0m loan was fully drawn down on 15 June 2017, raising £96.6m net of expenses, which are being accreted to the consolidated income statement over the loan's term.

The lenders under the Group's Senior Facilities Agreement have the benefit of certain fixed and floating security agreements granted by certain members of the Group over certain assets of the Group (but, for the avoidance of doubt, no security has been granted in favour of these lenders by, or over the shares in or assets of, any member of the Group that is within the "ring fence" arrangement with the UK Civil Aviation Authority).

The £78.0m cash element of the revolving credit facility remained undrawn throughout the financial year until May 2019 when £13.0m was drawn down for the acquisition of the Enchanting Travels group. Of the £2.0m designated for letters of credit, £1.1m (2018: £0.8m) has been drawn at 30 September 2019. Therefore the total undrawn committed facilities of the Group at 30 September 2019 was £65.9m (2018: £79.2m). The interest rate applicable for the revolving credit facility is (and, since drawn, has been) at LIBOR plus a margin between 3.25% and 3.5%, which is dependent upon a margin ratchet based on the ratio of total net debt of the Group to the Group's consolidated earnings before separately disclosed items, interest, tax, depreciation and amortisation (as defined in the Senior Facilities Agreement). A commitment fee of 35% of the applicable margin is payable on the undrawn portion of the revolving credit facility and is disclosed as a facility fee within financial expenses and recognised in the consolidated income statement in the financial year in which it is incurred.

26. Trade and other payables

	30 September 2019		
	Current liabilities	Non-current liabilities	Total
	£m	£m	£m
Trade payables	23.7	-	23.7
Other payables	12.6	-	12.6
Other taxes and social security costs	3.7	-	3.7
Accruals and deferred income	77.0	5.2	82.2
Client money received in advance	280.2	0.2	280.4
Total	397.2	5.4	402.6

	30 September 2018		
	Current liabilities	Non-current liabilities	Total
	£m	£m	£m
Trade payables	20.5	-	20.5
Other payables	17.5	-	17.5
Other taxes and social security costs	5.8	-	5.8
Accruals and deferred income	62.3	3.4	65.7
Client money received in advance	270.4	0.2	270.6
Total	376.5	3.6	380.1

Client money received in advance from contracts with customers include an addition from the acquisition of Enchanting Travels of £4.8m (Note 30). During the current financial year, materially all of the £270.4m of revenue that was included in Client monies received in advance at the beginning of the financial year was recognised.

27. Financial instruments

Treasury risk overview

The Group is exposed to a variety of financial risks:

- Market risk (in respect of foreign currency exchange risk, fuel price risk and interest rate risk);
- Liquidity risk (in respect of the Group's ability to meet its liabilities);
- Credit risk (in respect of recovery of amounts owing to the Group); and
- Capital risk (in respect of its capital structure and cost of capital).

The Group's key financial market risks are in relation to foreign currency rates, oil fuel prices and interest rate risk. Currency risk results from the substantial cross-border element of the Group's trading and arises on sales, purchases and borrowings that are denominated in a currency other than the functional currency of individual Group businesses. The risk is managed by the use of foreign exchange forward contracts. The Group's exposure to oil fuel prices results from cruising operations and US road trips and is managed using forward commodity contracts. The Group is exposed to interest rate risk that arises principally from the Group's floating rate bank loan.

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The Executive Leadership Team and Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and for ensuring that the Group has adequate policies, procedures and controls to successfully manage the financial risks that it faces. Transactions are only undertaken to hedge underlying exposures. Financial instruments are not traded, nor are speculative positions taken.

Currency risk management

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of individual Group businesses (which are principally Sterling, US Dollar and the Euro). The two currencies that are considered to have a significant impact on the profitability of the Group are the US Dollar and the Euro.

The Group's subsidiaries hedge some of their foreign currency exposures not denominated in their respective functional currency to mitigate the impact of fluctuations in underlying exchange rates. The Group has elected not to use hedge accounting through reserves such that the fair value movements are recognised in the consolidated income statement. The Group presents its consolidated financial statements in Sterling and, as a result, is also subject to foreign currency exchange translation risk in respect of the translation of the results and underlying net assets of its foreign operations into Sterling. The Group does not hedge against this risk.

Each individual Group business hedges its foreign currency exposures arising from tour operating, based upon each business's specific forecasts. At any point in time, the Group businesses will have hedged substantially all of its foreign currency exposure (forecast sales and/or purchases and related assets and/or liabilities) for the coming months of trading, predominantly using forward exchange contracts, most of which have a maturity of less than one year from the reporting date.

The following significant exchange rates were used to translate to presentation currency (excluding the impact of hedged transactions) and are illustrative of the rates applied during the current financial periods:

£1 GBP equivalent	Period ended 30 September 2019		Period ended 30 September 2018	
	Average rate	Closing rate	Average rate	Closing rate
US Dollar	1.2355	1.2790	1.3458	1.3031
Euro	1.1224	1.1275	1.1304	1.1224

As at 30 September 2019, the Group's net exposure to foreign exchange risk was as follows:

Net foreign currency financial assets/(liabilities)	30 September 2019		30 September 2018	
	US\$m	EURm	US\$m	EURm
Intra-group loans and trading balances	62.9	(31.9)	60.2	(30.6)
Derivative financial instruments	21.4	130.7	30.0	32.9
Total	84.3	98.8	90.2	2.3

In addition to exchange rate risk arising from derivative financial instruments, the Group is exposed to exchange risk to the US Dollar and the Euro primarily as a result of intra-group loans that are denominated in a currency other than that of the functional currency of the company that has the loans. The majority of the balance for these loans are structural in their nature and arose on the acquisition of the Travelopia Group in 2017. As such, these loans are considered long term in their nature and as such, management accepts that there may be short term volatility in the value of these loans from year to year and as such, are not hedged.

Sensitivity analysis to foreign currencies

This sensitivity analysis is for illustrative purposes only and should not be considered a projection of likely future events and gains or losses. This sensitivity analysis includes the following assumptions:

- changes in market interest rates only affect interest income or expense of variable financial instruments; and
- changes in the fair value of derivative financial instruments (estimated by discounting the future cash flows to net present values) use appropriate market rates prevailing at the year end.

The Group has used a sensitivity analysis technique that measures the estimated change to the consolidated income statement and equity of a 1% (100 basis points) difference in market interest rates or a 10% strengthening or weakening in Sterling against other currencies, from the rates applicable at the balance sheet date, with all other variables remaining constant, these being considered to be reasonably possible changes to interest rates and Sterling rates.

The table below demonstrates the sensitivity to a reasonably possible change of 10% in these two exchange rate rates on the carrying value of financial assets and liabilities.

	30 September 2019		30 September 2018	
	Increase / (reduction) in profit before tax	Increase / (reduction) in equity	Increase / (reduction) in profit before tax	Increase / (reduction) in equity
Impact of a 10% change	£m	£m	£m	£m
Strengthening of the US Dollar	7.2	7.2	6.7	6.7
Weakening of the US Dollar	(6.1)	(6.1)	(6.7)	(6.7)
Strengthening of the Euro	2.6	2.6	(0.1)	(0.1)
Weakening of the Euro	(11.1)	(11.1)	(0.8)	(0.8)

Commodity risk

Fuel commodity risk arises from the Group's operation of polar expedition ships and US road trips. As at 30 September 2019, the Group has hedged transactions for fuel of 15,100 (2018: 11,000) metric tonnes for the period up until September 2019.

Sensitivity analysis is based on a 10% increase or decrease in fuel prices and the sensitivity will differ correspondingly if the fuel markets are more or less volatile. Under these assumptions, with a 10% increase or decrease in the unit price of fuel, profit before tax would neither materially increase nor decrease.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash balances (including cash and cash equivalents) and derivative financial instruments, as well as credit exposures to customers, including outstanding receivables, financial guarantees and committed transactions. Credit risk is managed separately for treasury and operating related credit exposures. There is no material concentration of credit risk with respect to trade and other receivables as the Group has a large number of internationally dispersed customers. Credit risk in respect of cash and cash equivalents is managed by only having material cash balances with highly reputable global banks.

The maximum credit exposure to the carrying amount of financial assets at the balance sheet date is shown in the table below.

	Carrying value 30 September 2019 £m	Carrying value 30 September 2018 £m
Trade receivables (Note 19)	7.5	12.2
Receivables from related parties	1.9	1.3
Other receivables	13.9	10.9
Short term investments	2.3	-
Cash and cash equivalents (Note 24)	299.4	295.8
Derivatives - contracts used for hedging	1.9	3.2
Total	326.9	323.4

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The maximum exposure to credit risk for total trade receivables at the balance sheet date and by geographic region as well as their ageing is disclosed in Note 19. Trade and other receivables are shown net of provision for bad and doubtful debts of £1.5m (2018: £0.9m).

Trade and other receivables exclude prepaid accommodation, other prepayments and sales taxes which do not meet the definition of a financial instrument. Prepayments for both flights and hotel accommodation, whilst not meeting the definition of a financial asset under IFRS 9, give rise to a risk similar to credit risk due to the inherent risk of the Group not recovering the prepayment through full delivery of the related goods and services. From time to time, the Group's prepayments may concentrate towards specific counterparties or geographical locations. The carrying amount of prepayments (which are presented within current assets) forms their maximum credit exposure. The credit risk of other receivables disclosed above include accrued revenue and staff, insurance and rebate receivables.

A further analysis of cash balances is provided in Note 24.

Interest rate risk

Details of the Group's financial liabilities are disclosed in Note 25. The Group manages its principal interest rate risk on its £100.0m external bank loan by taking out an interest rate swap for £50.0m (2018: £50.0m) such that the Group receives the variable interest on this notional balance and pays a fixed rate on this of 0.825% (2018: 0.5635%) (in addition to the applicable margin). The new interest rate swap commenced on 18 June 2019 and expires on 18 June 2021.

Other financial liabilities represents amounts received from individuals as part of an option to purchase yachts scheme that are repayable in the event that those individuals choose not to exercise an option to purchase a yacht in the future. No interest is payable on these amounts.

The Group's interest and non-interest bearing loans and other financial liabilities, other than trade and other payables, are measured at amortised cost and are analysed as follows:

Financial instrument	Currency	Nominal interest rate	Maturity	Carrying amount 30 September 2019	Carrying amount 30 September 2018
				£m	£m
Term loan	Sterling	LIBOR +3.75%	2024	97.9	97.4
Revolving credit facility loan	Sterling	LIBOR + 3.25%	2023	13.0	-
Unsecured bank loan	EUR	2.5%	2024	0.3	-
Other financial liabilities	EUR, GBP and USD	0%	2019 – 2025	7.9	7.1
Total interest-bearing liabilities				119.1	104.5
<i>Analysed between:</i>					
Zero rate liabilities				7.9	7.1
Variable rate liabilities				111.2	97.4
				119.1	104.5

The secured bank loan has been categorised as a variable rate liability, notwithstanding the fact that a separate interest rate swap has been taken out for £50.0m (2018: £50.0m) to fix the interest rate for this element of the loan.

Interest rate risk sensitivity

A 100 basis points increase in interest rates would result in a £0.5m (2018: £0.5m) increase in interest expense (and hence reduction in profit before tax) in the consolidated income statement and equity. A 100 basis points reduction in interest rates is not considered reasonably possible in view of the current economic environment within the UK.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed circumstances.

The Group's liquidity peaks between July and September and has a forecasted liquidity low point in March to May. In addition to the fully drawn £100.0m bank loan and £13.0m revolving credit facility loan, if required, the Group would be able to draw cash advances under the remaining revolving credit facilities up to the cash element of the facility of £78.0m (2018: £78.0m). The external bank revolving credit facility has been used for the acquisition of the Enchanting Travels Group and can and will be used to manage the seasonality of the Group's working capital requirements and provide additional funding for future capital expenditure and acquisitions. Cash positions, liquidity and available facility headroom are monitored on a monthly basis by Group management and the Board of Directors. £2.0m (2018: £2.0m) of the £80.0m (2018: £80.0m) revolving credit facility is designated for letters of credit, of which £0.9m (2018: £1.2m) is unutilised at 30 September 2019.

At 30 September 2019, the Group had total available undrawn committed borrowing facilities of £65.9m (2018: £78.0m) comprising the revolving credit facility set out above. This facility expires in just under four years at the balance sheet date.

The Group has three liquidity covenants, two with the Civil Aviation Authority ('CAA') and one on the secured bank loan.

CAA covenants

At each month end, the Group is required to have a minimum of 70% of cash compared to customer deposits. For this test, cash and customer deposit balances include only those within an internally ring-fenced group. Subject to certain permitted payments, cash within the internally ring-fenced group cannot be passed to parent companies without prior agreement of the CAA. The second covenant with the CAA is for the Group to ensure that it meets a quarterly gross debt to Adjusted EBITDA covenant, where gross debt is no greater than three times the Adjusted EBITDA of the last twelve months. For these tests, the relevant figures for net debt and Adjusted EBITDA are defined within the Senior Facilities Agreement. Both of these tests were met throughout the year end and at 30 September 2019.

Bank covenant

The Group is also required to meet a quarterly net debt to Adjusted EBITDA covenant, whereby net debt is no greater than 3.75 times annual Adjusted EBITDA. For this test, the relevant figures for net debt and Adjusted EBITDA are defined within the Senior Facilities Agreement. At 30 September 2019, with cash at a high point, the Group had significant headroom on this test. Any non-compliance with the bank covenant underlying the Group's financing arrangements could, if not waived, constitute an event of default.

The Board has reviewed the Group's budgets and forecasts for the foreseeable future and remains satisfied with the Group's funding and liquidity position and compliance with the above external covenants.

The following are the undiscounted contractual cash flows of financial liabilities, including interest payments calculated using interest rates in force at each balance sheet date:

	Carrying amount £m	Total contractual cash flows £m	Contractual cash flows analysed as payable:			
			No later than 1 year £m	Later than 1 year and no later than 2 years £m	Later than 2 years and no later than 5 years £m	Later than 5 years £m
30 September 2019						
Secured bank loans	110.9	136.5	5.0	5.0	126.5	-
Unsecured bank loan	0.3	0.3	0.1	0.1	0.1	-
Other financial liabilities	7.9	7.9	1.2	0.9	4.6	1.2
Trade and other payables	109.7	109.7	108.3	-	1.4	-
Derivative financial liabilities	10.4	10.4	10.1	0.3	-	-
Total	239.2	264.8	124.7	6.3	132.6	1.2

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	Carrying amount £m	Total contractual cash flows £m	Contractual cash flows analysed as payable:			
			No later than 1 year £m	Later than 1 year and no later than 2 years £m	Later than 2 years and no later than 5 years £m	Later than 5 years £m
30 September 2018						
Secured bank loans	97.4	126.1	4.5	4.5	13.6	103.5
Other financial liabilities	7.1	7.1	1.1	1.3	3.1	1.6
Trade and other payables	100.3	100.3	100.3	-	-	-
Derivative financial liabilities	0.7	0.7	0.6	0.1	-	-
Total	205.5	234.2	106.5	5.9	16.7	105.1

The timing reflected in the tables above is based on the first date that the Group can be contractually required to settle each liability. Customer deposits are excluded from this analysis as these would only be paid back to the customer in the event of trip cancellation. Details in respect of the Group's £78.0m (2018: £78.0m) cash element of the revolving credit facility has been excluded from this analysis since this portion of the facility remains undrawn at 30 September 2019. Trade and other payables include only those payables that classify as financial liabilities.

Debts falling due for repayment after five years with an aggregate value at 30 September 2018 of £1.2m (2018: £105.1m) comprise secured bank loans with a principal amount of £nil (2018: £100.0m) and interest payable of £nil (2018: £3.5m) together with other financial liabilities with a principal amount of £1.2m (2018: £1.6m). All principal amounts are payable as bullet payments at maturity.

Analysis of total financial assets and financial liabilities

The tables below set out the Group's classification for each of its financial assets and liabilities:

	Financial assets / (liabilities) at fair value through profit and loss £m	Financial assets at amortised cost £m	Financial liabilities at amortised cost £m	Total carrying value £m
At 30 September 2019				
Assets				
<i>Current:</i>				
Trade and other receivables	-	19.2	-	19.2
Other short term investments	-	2.3	-	2.3
Receivables from related parties	-	1.9	-	1.9
Derivative assets	2.9	-	-	2.9
Cash and cash equivalents	-	299.4	-	299.4
	2.9	322.8	-	325.7
Liabilities				
<i>Current:</i>				
Borrowings due within one year	-	-	(0.3)	(0.3)
Derivative liabilities	(11.1)	-	-	(11.1)
Trade and other payables	-	-	(109.7)	(109.7)
Other financial liabilities	-	-	(1.2)	(1.2)
<i>Non-current:</i>				
Borrowings due after more than one year	-	-	(110.9)	(110.9)
Derivative liabilities	(0.3)	-	-	(0.3)
Other financial liabilities	-	-	(6.7)	(6.7)
	(11.4)	-	(228.8)	(240.2)

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	Financial assets / (liabilities) at fair value through profit and loss £m	Loans and receivables at amortised cost £m	Financial liabilities at amortised cost £m	Total carrying value £m
At 30 September 2018				
Assets				
<i>Non-current:</i>				
Derivative assets	0.2	-	-	0.2
Trade receivables	-	0.8	-	0.8
<i>Current:</i>				
Trade and other receivables	-	22.3	-	22.3
Receivables from related parties	-	1.3	-	1.3
Derivative assets	3.0	-	-	3.0
Cash and cash equivalents	-	295.8	-	295.8
	3.2	320.2	-	323.4
Liabilities				
<i>Current:</i>				
Borrowings due within one year	-	-	(0.2)	(0.2)
Derivative liabilities	(0.6)	-	-	(0.6)
Trade and other payables	-	-	(100.3)	(100.3)
Other financial liabilities	-	-	(1.1)	(1.1)
<i>Non-current:</i>				
Borrowings due after more than one year	-	-	(97.2)	(97.2)
Derivative liabilities	(0.1)	-	-	(0.1)
Other financial liabilities	-	-	(6.0)	(6.0)
	(0.7)	-	(204.8)	(205.5)

Fair values of financial assets and financial liabilities

The fair values of financial assets and liabilities, together with carrying amounts shown in the consolidated balance sheet at 30 September 2019 are as follows:

	30 September 2019		30 September 2018	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Financial assets other than derivatives:				
Short term investments	2.3	2.3	-	-
Cash and cash equivalents	299.4	299.4	295.8	295.8
Non-current other receivables	-	-	0.8	0.8
Trade and other receivables	19.2	19.2	12.2	12.2
Receivables from related parties	1.9	1.9	1.3	1.3
Financial liabilities other than derivatives:				
Secured bank loan	(110.9)	(113.0)	(97.4)	(100.0)
Other financial liabilities	(7.9)	(7.9)	(7.1)	(5.8)
Current trade and other payables	(109.7)	(109.7)	(100.3)	(100.3)

The fair value of borrowings has been calculated by discounting the expected future cash flows at the appropriate interest rate at the balance sheet date for each class of financial asset and liability. The carrying value of the bank loan is stated net of the debt issuance costs whilst the fair value is calculated using market interest rates.

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Fair value measurements

IFRS 7 requires enhanced disclosures about fair value measurements of financial instruments through the use of a three level fair value hierarchy that prioritises the valuation techniques used in fair value calculations.

The levels can be broadly described as follows:

- Level 1 – use of unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – use of observable inputs other than quoted prices included within level 1, such as quoted prices for similar assets or liabilities in active markets.
- Level 3 – use of inputs not based on observable market data but reflecting management's own assumptions about pricing the asset or liability.

The Group's financial assets and liabilities measured at fair value at 30 September 2019 consist of derivative financial instruments. Derivatives are valued in the market using discounted cash flow techniques. These techniques incorporate inputs at level 2, such as interest rates and foreign currency exchange rates. These market inputs are used in the discounted cash flow calculation incorporating the instrument's term, notional amount, volatility, discount rate and taking credit risk into account. As significant inputs to the valuation are observable in external markets, these instruments are categorised as level 2 in the hierarchy. There have been no transfers between any levels in the financial year.

Where fair values differ from the carrying amount in the table above, the measurement of fair values use a discounted cashflow model which incorporate the borrowing rates for both, being a Level 2 input for the bank loan and a level 3 input for the other financial liabilities. There have been no changes to this valuation technique in current financial year. For other financial assets and liabilities, the fair value approximates to the carrying values.

Derivative instruments

At the balance sheet date the fair value of the Group's derivative financial assets and liabilities was as follows:

	30 September 2019		
	Assets	Liabilities	Total
	fair value	fair value	fair value
	£m	£m	£m
Foreign exchange forwards	1.9	(10.8)	(8.9)
Foreign exchange option	1.0	-	1.0
Commodity forwards	-	(0.4)	(0.4)
Interest rate swap	-	(0.2)	(0.2)
Total	2.9	(11.4)	(8.5)

Analysed as:

Current	2.9	(11.1)	(8.2)
Non-current	-	(0.3)	(0.3)
Total	2.9	(11.4)	(8.5)

	30 September 2018		
	Assets	Liabilities	Total
	fair value	fair value	fair value
	£m	£m	£m
Foreign exchange forwards	2.5	(0.7)	1.8
Commodity forwards	0.6	-	0.6
Interest rate swap	0.1	-	0.1
Total	3.2	(0.7)	2.5

Analysed as:

Current	3.0	(0.6)	2.4
Non-current	0.2	(0.1)	0.1
Total	3.2	(0.7)	2.5

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A loss in the value of derivatives of £10.7m (2018: gain of £3.2m) has been recognised in financial income within the consolidated income statement in the financial year. The Group has taken out an interest rate swap to partially mitigate the interest rate risk on the £100.0m bank loan, details of which are disclosed above.

The following table indicates the periods in which the cash flows associated with derivatives are expected to occur. Future cash flows have been estimated based on spot rates and prices at 30 September 2019 and have been shown net for each instrument.

	30 September 2019		30 September 2018	
	No later than 1 year £m	Later than 1 year and no later than 2 years £m	No later than 1 year £m	Later than 1 year and no later than 2 years £m
Derivative financial assets				
Interest rate swap	-	-	0.1	-
Foreign exchange forwards	2.0	-	2.4	0.1
Commodity forwards	-	-	0.7	-
Foreign exchange options	0.9	-	-	-
	2.9	-	3.2	0.1
Derivative financial liabilities				
Interest rate swap	-	(0.2)	-	-
Foreign exchange forwards	(13.2)	(1.0)	(0.6)	(0.1)
	(13.2)	(1.2)	(0.6)	(0.1)
Total	(10.3)	(1.2)	2.6	-

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide for long term capital growth for shareholders. The Group's policy is to maintain a strong capital base that ensures financial stability and provides a solid foundation for ongoing development and growth of business operations and maintain investor, regulatory, lender and supplier confidence.

The Group defines capital as equity (Note 29) and interest-bearing loans and borrowings, including the undrawn revolving credit facility (Note 25). The Directors consider that the Group has sufficient capital for its needs.

The Group has externally imposed requirements for managing capital under both the terms of its loan facility and its ATOL licence, issued by the Civil Aviation Authority. Details of these requirements are set out in the liquidity risk section above.

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28. Provisions for liabilities

	Dilapidations	Other	Total
	£m	£m	£m
At 30 September 2017	1.8	1.6	3.4
Provided in the financial year	-	1.8	1.8
Released unused in the financial year	-	(0.2)	(0.2)
Cash paid	-	(0.7)	(0.7)
Foreign exchange	-	0.1	0.1
At 30 September 2018	1.8	2.6	4.4
Additions from acquisitions	-	0.1	0.1
Provided in the financial year	0.5	1.0	1.5
Released unused in the financial year	-	(0.8)	(0.8)
Cash paid	(0.1)	(0.4)	(0.5)
Reclassification	0.8	-	0.8
At 30 September 2019	3.0	2.5	5.5

	Dilapidations	Other	Total
	£m	£m	£m
At 30 September 2019			
Analysed as:			
Non-current	2.8	0.4	3.2
Current	0.2	2.1	2.3
	3.0	2.5	5.5

At 30 September 2018			
Analysed as:			
Non-current	0.5	0.6	1.1
Current	1.3	2.0	3.3
	1.8	2.6	4.4

Dilapidation provisions

Dilapidation provisions represents the cost of restoring operating leased properties back to their original or required condition at the end of the lease term. The classification between non-current and current reflects the contracted lease termination date.

Other

Other provisions relate to outstanding claims, litigation and restructuring provisions together with onerous lease contracts that have been entered into in the ordinary course of business, the amount or timing of which is uncertain. The Group has a policy to mitigate the financial risk of claims, litigation and disaster through insurance with third party providers.

29. Called up share capital

	30 September	30 September
	2019	2018
	£m	£m
Fully paid and issued		
25,999,000 (2018: 25,999,000) ordinary shares of £1 each	26.0	26.0

30. Business combinations

On 10 May 2019, the Group acquired 100% of the voting shares of Enchanting Travels AG for cash consideration of £14.1m, a privately-owned business, headquartered in Munich, Germany, and specialising in high-end tailormade travel.

Assets acquired and liabilities assumed	Provisional fair value recognised on acquisition £m
Intangible assets (computer software)	2.7
Intangible assets (brand, customer relationship and order book)	5.3
Property, plant and equipment	0.1
Trade and other receivables	0.6
Prepayments	1.9
Acquired cash	2.6
Customer deposits	(4.8)
Trade and other payables	(1.6)
Accruals	(0.3)
Provisions	(0.1)
Unsecured bank loan (Note 31)	(0.3)
Deferred tax liabilities (Note 21)	(1.8)
Total identifiable net assets at fair value	4.3
Goodwill arising on acquisition	9.8
Purchase consideration transferred	14.1

Purchase consideration	£m
Cash	13.7
Cash payable after the year end	0.4
Total consideration	14.1

In addition to the above consideration, a total of \$10m is payable in stage payments over a four year period from the date of acquisition. As this consideration is wholly dependent upon future employment of the previous shareholders for a four year period, IFRS 3 (revised) requires this amount to be recognised through the consolidated income statement over this time period, as opposed to its inclusion within the business combination calculation, notwithstanding that this consideration arose solely as a result of the business combination. Transaction costs have been expensed and are included in administrative expenses.

The fair values identified at acquisition date are provisional, pending receipt of the final valuations of these assets and liabilities. The fair value and gross amount of the trade and other receivables amounts to £0.6m. It is expected that the full contracted amount will be collected.

Provisional goodwill of £9.8m comprises largely the value from the projected strong revenue growth in the upcoming financial years arising from plans to increase the number of destinations offered, further access to the US and German markets and the value of the workforce. The fair value of the acquired goodwill is provisional pending final valuations for additional intangible assets which can be recognised separately. None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, Enchanting Travels AG contributed £8.0m of revenue and a loss of £1.3m before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been £22.7m and the loss before tax from continuing operations would have been £0.5m.

International Financial Reporting Standard 3 "Business Combinations" permits up to 12 months for provisional acquisition accounting to be finalised following the acquisition date, if any subsequent information provides better evidence of the item's fair value at the date of acquisition.

31. Movements in liabilities arising from financing activities

Financial liabilities	Bank loans £m	Other financial liabilities £m	Total £m
At 30 September 2017	97.0	7.9	104.9
Cash inflow in the financial period	-	1.9	1.9
Cash outflow in the financial period	-	(2.4)	(2.4)
Non-cash movement	0.4	(0.3)	0.1
At 30 September 2018	97.4	7.1	104.5
Acquired	0.3	-	0.3
Cash inflow in the financial year	13.0	1.9	14.9
Cash outflow in the financial year	-	(1.0)	(1.0)
Non-cash movement	0.5	(0.1)	0.4
At 30 September 2019 (Note 25)	111.2	7.9	119.1

Details of the Group's bank loan are provided in Note 25. Details of committed undrawn banking facilities and covenants are provided in Note 27.

32. Lease commitments

Total Group obligations under non-cancellable lease contracts are payable as follows:

30 September 2019			
	Land and property £m	Aircraft, ships, boats, yachts & vehicles £m	Total £m
Total commitments under non-cancellable leases falling due:			
No later than one year	7.2	54.7	61.9
Later than one year and no later than five years	13.7	187.7	201.4
Later than five years	5.5	23.1	28.6
Total	26.4	265.5	291.9

30 September 2018			
	Land and property £m	Aircraft, ships, boats, yachts & vehicles £m	Total £m
Total commitments under non-cancellable leases falling due:			
No later than one year	9.0	48.9	57.9
Later than one year and no later than five years	15.9	201.3	217.2
Later than five years	6.1	23.3	29.4
Total	31.0	273.5	304.5

By 30 September 2019, as part of the transition to IFRS 16, the Group had identified over 700 lease contracts, the minimum lease commitments for which are disclosed above in accordance with IAS 17, the financial reporting standard in effect for leases at this date. Lease commitments in respect of land and buildings comprise commitments for the Group's 148 lease contracts for hotels, offices, yacht and boat bases and shops. Lease commitments in respect of aircraft and marine vessels include the lease rental of three aircraft, one of which is currently leased and two which have been committed to but are not due for delivery in 2020. It also includes lease commitments for five polar expedition ships within our Expeditions division, three of which are currently being leased, one, the World Explorer, was delivered after the balance sheet date in November 2019, whilst the new polar expedition ship is due for delivery in 2020. The lease contract for this polar cruise ship includes an obligation to acquire the vessel at certain points in time over the lease contract. Also included are 84 boats and 41 vehicles within the Le Boat division and 446 yachts within our Yachts division. A number of the property lease contracts contain break clauses, options to extend and annual inflationary increases.

33. Capital and other financial commitments

The Group's capital and other financial commitments at 30 September 2019 are as follows:

	30 September 2019 £m	30 September 2018 £m
Total amount payable		
<i>Purchases of property, plant and equipment:</i>		
Aircraft equipment	16.5	17.1
Yachts	70.1	54.6
Boats	2.1	2.4
Total capital commitments	88.7	74.1
Aircraft charters and service fees	30.8	26.6
Other financial commitments	4.0	2.0
Total financial commitments contracted but not provided for	123.5	102.7

Aircraft charters disclosed in the table above comprise the expected payments for the rental of two planes, for which the contracts do not meet the definition of a lease, since the supplier has the ability to substitute them. The amount has therefore been included in this commitment table to reflect the total non-cancellable commitments due.

34. Subsidiary undertakings at 30 September 2019

The Group's consolidated financial statements include the results of the Company, its direct and all of its indirect subsidiaries included in the table below. All subsidiaries are wholly owned. The Directors consider the book value of the investment in its direct subsidiary to be supported by the higher of underlying net assets and its recoverable value.

Name of Undertaking	Country of Incorporation	Registered address	Share class (100% owned unless stated otherwise)
Adventure Transport Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Adventure Travels USA, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.01 Common stock
Alkor Yat Turizm Isletmecligi AS	Turkey	Tuzla Mahallesi 556, Sokak No: 6/A, Fethiye, Mugla, Turkey	TRY0.10 Ordinary shares
American Adventures Travel, Inc.	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.01 Common stock
Antigua Charter Services Limited	Antigua and Barbuda	Old Parham Road, St Johns, Antigua and Barbuda	XCD1.00 Ordinary shares
Brightspark Travel Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.01 Common stock
CHS Tour Services Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Connoisseur Belgium BVBA	Belgium	Brugse Vaart 48 8620 Nieuwpoort, Belgium	€100.00 Ordinary shares
Crown Blue Line France SAS	France	Le Grand Bassin, 11400 Castlenaudary, France	€16.00 Ordinary shares
Crown Blue Line GmbH	Germany	Theodor-Heuss-Strasse 53-63B, 61118, Bad Vilbel, Germany	€1.00 Ordinary shares
Crown Blue Line Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Crown Holidays Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£0.50 Ordinary shares
Crown Travel Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Educatoours Limited	Canada	3280 Bloor Street West, Suite 901, Toronto ON M8X 2X3, Canada	Nil par value Common shares
EEFC, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	Nil par value Common stock
Emerald Star Limited	Ireland	One Spencer Dock, North Wall Quay, Dublin 1, Ireland	€1.25 Ordinary shares
Enchanting Travels AG	Germany	Hohenlinder Strasse 11b, 85622 Feldkirchen, Germany	Nil par value shares
Enchanting Travels Pvt. Ltd	India	660/1, Akshaya 2nd Floor, 100 Ft. Rd. Indiranagar, Bangalore 560038 India	INR10.00 Ordinary common stock equity
Enchanting South America S.A.	Argentina	Av. Las Heras 4081 – 12B, Palermo C1425ATE, Buenos Aires, Argentina	ARS1.0 Ordinary shares
Enchanting Africa Ltd	Kenya	Isaac Gathanju Close, Off Isaac Gathanju Road, Lavington, PO Box 25716, 00603 Nairobi, Kenya	KES1,000.00 Ordinary shares
Enchanting Travels Inc	USA	8400, E Prentice Ave, Suite 1500, Greenwood Village, Colorado 80111, USA	US\$0.001 Common Shares
Events International (Sports Travel) Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares

TIM Intermediateco Limited
Notes to the consolidated financial statements

Name of Undertaking	Country of Incorporation	Registered address	Share class (100% owned unless stated otherwise)
Events International Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Exodus Travels Australia PTY Ltd	Australia	Kovac Advisory Pty Ltd, Level 3, 50 Market Street, Melbourne VIC 3000.	AUD1.00 Ordinary shares
Exodus Travels Canada Inc	Canada	112 Merton Street, Suite 1, ON M4S 2Z8, Canada	CAD1.00 Common shares
Exodus Travels Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Exodus Travels USA, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.01 Common stock
FCM (BVI) Limited	Virgin Islands, British	c/o Belmont Trust Limited, Belmont Chambers, Tropical Isle Bldg, Nibbs Street, Road Town, Tortola, VG1110, BVI	US\$100.00 Ordinary shares
Francotel Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Gel-Moorings LLC	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	Not applicable
Gle Uma	French Polynesia	Marina Apoolitti, No 4443 B, Raiatea, RCS Papette	XPF20,000.00 Ordinary shares
Gullivers Group Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Gullivers Sports Travel Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Hayes & Jarvis (Travel) Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Headwater Holidays Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Hellenic Sailing Holidays SA	Greece	Marina Zeas, Freattlyda, PO Box 18536, Piraeus, Greece	€3.00 Ordinary shares
Hellenic Sailing SA	Greece	Marina Zeas, Freattlyda, PO Box 18536, Piraeus, Greece	€30.00 Ordinary shares
Le Boat Limited	Canada	1 Jasper Avenue, Smith Falls, Ontario K7A 4B4, Canada	Nil par value common shares
Le Boat Netherlands BV	Netherlands	Groenlandse kade 9, 3645 BA Vinkeveen, Netherlands	€1.00 Ordinary shares
Le Piolet SCI	France	Les Menuires, 73440, Saint Martin de Belleville, France	€15.2449 Ordinary shares
Les Tours Jumbstreet Tours, Inc	Canada	780 Brewster Avenue, Suite 02-300, Montreal Quebec H4C 2 Canada.	Nil par value Class AA shares Nil par value Class B shares
Mariner Expeditions, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	Nil Par value Common stock
Mariner International (Grenada) Limited	Grenada	Nos. 4 & 6 Lucas Street, St. George's, Grenada	XCD1.00 Ordinary shares
Mariner International (Martinique) SAS	France	Le Grand Bassin, 11400, Castlenaudary, France	€1.00 Ordinary shares
Mariner International (UK) Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£0.05 Ordinary shares
Mariner International (USA), Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.01 Common stock
Mariner International Travel (UK) Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£0.05 Ordinary shares
Mariner International Travel, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.0001 Ordinary shares
Mariner Travel GmbH	Germany	Theodor-Heuss-Strasse 53-63B, 61118, Bad Vilbel, Germany	DEM1.00 Ordinary shares
Mariner Travel SARL	France	92 Rue de Richelieu, 75002 Paris, France	€16.00 Ordinary shares
Mariner Yacht Services SA	St Martin	Marina Fort Luis, Baie de Marigot, Marigot, 97150 Saint Martin	€15.00 Ordinary shares
Mariner Yachts (Proprietary) Limited	South Africa	2nd Floor Marina Centre, Lobby 1, West Quay Road, V&A Waterfront, South Africa	ZAR1.00 Ordinary shares
Maxi Yen SL	Spain	Jose Rover Motta, 27, 07006 Palma de Mallorca, Spain	ESP1,000.00 Ordinary shares
Molay-Travel SARL	France	Le Chateau, 14330, Le Molay Littry, France	€1,524.49 Ordinary shares
Molay Travel SCI	France	Le Chateau, 14330, Le Molay Littry, France	€15.2449 Ordinary shares
Moorings Grenadines Limited	Saint Vincent	C/O PO Box 262, Kingstown, St Vincent	Nil par value Ordinary Shares
Moorings Yachting SAS	France	92 Rue de Richelieu, 75002, Paris, France	€15.00 Ordinary shares
Moorings Yat Isletmeciligi Turizm Ve Ticaret Ltd Sti	Turkey	556, Sokak, No:6, Tuzla Mahallesi-Fethiye, Turkey	TRY25.00 Ordinary shares
MyPlanet Holding A/S	Denmark	Silkeborgvej 43,1 8000, Aarhus C, Denmark	DKK100.00 Ordinary shares
MyPlanet International A/S	Denmark	Silkeborgvej 43,1 8000, Aarhus C, Denmark	DKK1,000.00 Ordinary shares
MyPlanet Sweden AB	Sweden	Kastellgatan 17, 413 07, Goteborg, Sweden	SEK100.00 Ordinary shares

TIM Intermediateco Limited
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Name of Undertaking	Country of Incorporation	Registered address	Share class (100% owned unless stated otherwise)
Platinum Event Travel Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Porter and Haylett Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Premiere International Corp	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	Nil par value Common Stock
Prestige Boating Holidays Limited	Ireland	One Spencer Dock, North Wall Quay, Dublin 1, Ireland	€1.25 Ordinary shares
Quark Expeditions, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.01 Common stock shares
SAS The Moorings	French Polynesia	Uturoa, Raiatea, BP 165, French Polynesia	XPF2,000.00 Ordinary shares
Sawadee Amsterdam B.V.	Netherlands	Prins Bernhardplein 200, 1097 J8 Amsterdam, AZ Amsterdam, The Netherlands	€10.00 Ordinary shares
Ski Bound Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Skibound France SARL	France	Espace Val d'Arly, 95 Rue Derobert, 73400, Ugine, France	€15.2449 Ordinary shares
Specialist Holiday Group Ireland Limited	Ireland	One Spencer Dock, North Wall Quay, Dublin 1, Ireland	€1.25 Ordinary shares
Specialist Holidays (Travel) Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Studentcity.com Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.01 Common stock
Sunsail (Antigua) Limited	Antigua and Barbuda	9 Factory Road, St John's, Antigua	XCD1.00 Ordinary shares
Sunsail (Australia) Pty Ltd	Australia	Suite 201, Level 2, 275 Alfred Street, North Sydney NSW 2060, Australia	AUD1.00 Ordinary shares
Sunsail (Seychelles) Limited	Seychelles	KPMG Pool & Patel, La Rosiere, PO Box 117, Victoria, Mahe, Seychelles	SCR100.00 Ordinary shares
Sunsail (Thailand) Co. Ltd	Thailand	Phuket Boat Lagoon, 20/5 Moo 2, Thepkasattri Road, Koh Kaew, Phuket, 83200, Thailand	THB100.00 Ordinary B shares and THB100.00 Preference A shares
Sunsail Adriatic d.o.o.	Croatia	Motarska 99, Split, 21000, Croatia	HRK38,999,700.00 Ordinary shares
Sunsail Hellas MEPE	Greece	Apollonos 12, P.Faliro 17561, Athens, Greece	€30.00 Ordinary shares
Sunsail International BV	Netherlands	Splksedijk 28b, 4207 GN, Gorinchem, Netherlands	€100.00 Ordinary shares
Sunsail SARL	France	Le Grand Bassin, 11400 Castlenaudary, France	€15.00 Ordinary shares
Sunsail Spain SLU	Spain	Marine Naviera Balear, Paseo Maritimo Number 4, 07014 Palma de Mallorca, Spain	€1.00 Ordinary shares
Sunsail Worldwide Sailing (St. Vincent) Limited	Saint Vincent	The Lagoon Marina & Hotel, Ratho Mill, Box 133, Kingstown, St Vincent	Nil par value Common shares
Sunsail Worldwide Sailing Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£0.05 Ordinary shares
TCO USA Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.01 Common stock
TCS & Starquest Expeditions, Inc	United States	505 Union Avenue SE, Suite 120, Olympia WA 98501, United States	Nil Par Value Common stock
TCS Expeditions, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.01 Common stock
The Moorings (Bahamas) Ltd	Bahamas	Trinity Place Annex, Corner Frederick and Shirley streets, PO Box N-4805, Nassau, Bahamas	BSD1.00 Ordinary shares
The Moorings (Seychelles) Ltd	Seychelles	C/O Corporate Registrars (Pty) Ltd, "The Creole Spirit", Quincy Street, PO Box 18, Victoria, Mahe, Seychelles	SCR100.00 Ordinary shares
The Moorings (St Lucia) Ltd	Saint Lucia	Pointe Seraphine, Castries, Saint Lucia	US\$1.00 Ordinary shares
The Moorings Belize Limited	Belize	91 North Front Street, Belize City, Belize	BZD10.00 Ordinary shares
The Moorings Doo	Croatia	Mostarska 99, Split, 21 000, Croatia	HRK1.00 Ordinary shares
The Moorings Limited	Virgin Islands, British	Belmont Chambers, P.O. Box 3443, Road Town, Tortola, Virgin Islands, British	US\$1.00 Ordinary shares
The Moorings Sailing Holidays Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
TIM Bidco 1 Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
TIM Bidco II Corp	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.10 Common stock
TIM Holdco Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
TIM Intermediateco Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
TIM Midco Limited*	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travcoa Corporation	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.01 Common stock

TIM Intermediateco Limited
Notes to the consolidated financial statements

Name of Undertaking	Country of incorporation	Registered address	Share class (100% owned unless stated otherwise)
Travel Class Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travel Services Europe Spain SL	Spain	Calle Avila 48-50, Atico 1, 08005 Barcelona, Spain	€1.00 Ordinary shares
Travel Turf, Inc	United States	7540 Windsor Drive, Suite 202, Allentown Pasadena PA18195, United States	US\$0.01 Common stock
Travelbound European Tours Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelmood Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelopia Adventure Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelopia Central Operations Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelopia Contract Services Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelopia France SARL	France	Espace Val d'Arly, 95 Rue Derobert, 73400, Ugine, France	€20.00 Ordinary shares
Travelopia GmbH	Austria	Bösendorferstraße 2/15, 1010, Vienna, Austria	Quota Nil Par Value shares
Travelopia Holdings (Australia) Pty Limited	Australia	Level 14, 25 Bligh Street, Sydney, NSW, 2000, Australia	AUD1.00 Ordinary shares
Travelopia Holdings Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelopia USA Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.01 Common stock
Trek America Travel Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Trek Investco Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£0.01 Ordinary shares
TTSS Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
TTSS Transportation Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Versun Yachts NSA	Greece	Marina Zeas, Freattida, PO Box 18536, Piraeus, Greece	€30.00 Ordinary shares
Vinson Expeditions LLC	Marshall Islands	The Trust Company of the Marshall Islands Inc, Trust Company Complex, Ajeltake Island, Ajeltake Road, Majuro, Marshall Islands, MH 96960, Marshall Islands	Not applicable
World Challenge Expeditions (HK) Limited	Hong Kong	Unit 1601, 16/F Malaysia Building, 50 Gloucester Road, Wanchai, Hong Kong, Hong Kong	HKD1.00 Ordinary shares
World Challenge Expeditions, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.01 Common stock
World Challenge Expeditions Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
World Challenge Expeditions Pty Ltd	Australia	Level 5, 163 Eastern Road, South Melbourne, VIC 3205, Australia	AUD1.00 Ordinary shares
World Challenge NZ Limited	New Zealand	43-47 Hanson Street, Mt Cook, Wellington, New Zealand	NZD1.00 Ordinary shares
Yachts International Limited	Virgin Islands, British	Belmont Chambers, P.O. Box 3443, Road Town, Tortola, Virgin Islands, British	US\$0.10 Ordinary shares
Yil, LLC	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	Not applicable
Your Man Tours, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.01 Common stock
Zegrahm Expeditions, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US\$0.01 Common stock

* Direct shareholding of the Company

35. Related party transactions

Apart from with its own subsidiaries which are included in the consolidated financial statements, the Group, in carrying out its ordinary business activities, maintained direct and indirect relationships with the ultimate controlling party, KKR & Co. Inc, and related parties of KKR & Co. Inc. During the financial year, management fees totalling £1.0m (2018: £1.2m) were paid to KKR & Co, Inc.

During the financial year ended 30 September 2018, two key management personnel were provided unsecured loans totalling £1.1m, both of which bear interest at 2.5% per annum. The amounts were fully repaid by 30 September 2019. Details of key management compensation is provided in Note 10.

36. Audit exemption provided to certain UK Group subsidiaries

The Company is providing certain wholly owned UK subsidiaries (as disclosed in Note 34) and which are included within these Group consolidated financial statements) with guarantees of their respective debts in the form prescribed by Section 479(C) of the Companies Act 2006 ('the Act') such that they can claim exemption from requiring an audit in accordance with Section 479(A) of the Act. These guarantees cover all of the outstanding actual and contingent liabilities of these companies at 30 September 2019:

Subsidiary	Company number
Adventure Transport Limited	05742973
CHS Tour Services Limited	03488873
Crown Blue Line Limited	00946385
Crown Holidays Limited	01734244
Events International (Sports Travel) Limited	03258979
Events International Limited	01956764
Headwater Holidays Limited	04484400
Mariner International (UK) Limited	02746852
Porter and Haylett Limited	00614180
The Moorings Sailing Holidays Limited	01286826
Tim Holdco Limited	10605586
Tim Midco Limited	10605234
Travelopia Adventure Limited	01893401
Travelopia Holdings Limited	05934241
Trek Investco Limited	03769224
TTSS Transportation Limited	04053188

37. Post balance sheet events

On 4 November 2019, the Group disposed of two of its US and two Canadian businesses, which formed the majority of the North American part of the division to WorldStrides. The businesses sold operate the brands including World Class Vacations, Brightspark US, Brightspark Canada, Jumpstreet and Educatours. The pre-tax profit on disposal, excluding the costs of disposal, has been initially calculated to be £32.4m. It is expected that the results of the businesses sold will be classified as a discontinued operation in the Group's financial statements for the year ending 30 September 2020.

38. Contingent liabilities

A number of the Group's companies have entered into a cross guarantee with Barclays Bank PLC in respect of the Group's overdraft facility for a number of its UK Sterling denominated bank accounts. As at 30 September 2019, the total liability for which these Group companies are a guarantor to amounted to £4.2m (2018: £nil)

The Group had 349 yachts in the BVI at the time of Hurricane Irma that were leased and not recognised on the balance sheet. The Group is responsible for repairing or replacing the damaged leased fleet yachts and had insurance policies in place over the full fleet. Consequently the Group has a contingent liability in relation to the cost of replacing lost and repairing damaged yachts, but also a contingent asset in relation to the insurance recovery. Throughout the year and up until the date of signing these consolidated financial statements, the Group has borne the cost of replacing and repairing the yachts together with the insurance receivable from the Group's fleet insurers. The Group provides for any amounts that is not expected to be recoverable from its insurers.

39. Ultimate parent company and controlling party


The Directors consider the ultimate parent company and controlling party of the Company to be KKR & Co. Inc, on behalf of the funds under its management. The immediate parent company is Tim Topco Limited, a company incorporated in the Cayman Islands.

TIM Intermediateco Limited
Company balance sheet as at 30 September 2019

		30 September 2019	30 September 2018
	Note	£m	£m
Non-current assets			
Investments in subsidiary undertakings	B	227.8	227.8
		227.8	227.8
Current assets			
Cash and cash equivalents		14.2	14.2
		14.2	14.2
Total assets		242.0	242.0
Net assets			
		242.0	242.0
Equity			
Called up share capital	C	26.0	26.0
Share premium account		216.0	216.0
Total equity attributable to equity holders of the parent		242.0	242.0

The profit after tax for the financial year was less than £0.1m (2018: £nil). The notes on page 71 form part of the Company's financial statements.

The financial statements on pages 69 to 71 were approved by the Board of Directors on 14 February 2020 and were signed on its behalf by:


J Metzner
Director

Company Number: 10604770

TIM Intermediateco Limited
Company statement of changes in equity at 30 September 2019

	Called up share capital £m	Share premium account £m	Total equity £m
At 30 September 2017	24.0	216.0	240.0
Total comprehensive result for the financial period	-	-	-
Transactions with owners			
Share capital issued	2.0	-	2.0
At 30 September 2018	26.0	216.0	242.0
Total comprehensive result for the financial year	-	-	-
At 30 September 2019	26.0	216.0	242.0

A. Accounting policies

Basis of preparation

The following accounting policies have been applied in dealing with items which are considered material in relation to the Company's financial statements. The Company's financial statements are presented in the Company's presentation currency of Sterling, rounded to the nearest one hundred thousand pounds.

Accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable UK accounting standards and under the historical cost convention. The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Company has taken advantage of section 408 of the Companies Act 2006 not to publish a separate Income Statement and related notes for the Company. The profit after tax for the financial year of less than £0.1m (2018: £nil) is included within the Company Statement of Changes in Equity.

The Company has elected to prepare its parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). In the parent company financial statements, the Company has applied the exemptions available under FRS 101 in respect of the Cash flow statement disclosures that would have otherwise been applicable.

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

Share capital and share premium account

Ordinary shares are classified as equity within shareholders' funds. Cash received in excess of the nominal value of the shares issued is recognised as share premium.

B. Investments

	Shares in subsidiaries £m
Cost	
At 30 September 2018	227.8
At 30 September 2019	227.8

There have been no additions, disposals or impairments during the current and preceding financial year.

C. Called up share capital

	30 September 2019 £m	30 September 2018 £m
Issued and fully paid		
25,999,000 (2018: 25,999,000) ordinary shares of £1 each	26.0	26.0