

Reed & Mackay Travel Limited

Report and Financial Statements

Year Ended

31 March 2020

Company Number 00963087



Reed & Mackay Travel Limited

**Report and financial statements
for the year ended 31 March 2020**

Contents

Page:

1	Strategic report
6	Directors' report
8	Directors' responsibilities statement
9	Independent auditor's report
12	Income statement and statement of comprehensive income
13	Balance sheet
14	Statement of changes in equity
15	Notes forming part of the financial statements

Directors

A T Baumfield
M Everson
F A Stratford
J Hanly

Secretary and registered office

F A Stratford, Nexus Place, 25 Farringdon Street, London, EC4A 4AF

Company number

00963087

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Reed & Mackay Travel Limited

Strategic report for the year ended 31 March 2020

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2020.

Principal activities

The company is engaged in the booking and ticketing of flights, hotels and ancillary services for business travel and the arrangement of corporate events and meetings in the UK and throughout the world. There have been no changes in the company's principal activities in the period under review.

Business review and future developments

Following a period of consistent growth in the corporate travel environment, the onset of the Covid-19 pandemic has had a profound impact on the travel industry, affecting the Company's trading levels during the last six weeks of the financial year. The volume of travel bookings was reduced to historic lows as clients, airlines and governments responded to the pandemic. The Company's underlying performance pre-Covid showed strong growth during the year with normalised earnings before interest, tax depreciation and amortisation ('EBITDA') of £19m for the ten months to 31 January 2020.

During the year, the Company continued its strategy to add scale through acquisitions, with the asset purchase of the UK-based travel management company Business Travel Direct (a trading brand of the Ickenham Travel Group), at the end of July 2019. The management and staff of these businesses share the same ethos for high quality service and innovative travel management solutions.

While the UK continues to be the largest part of the Reed & Mackay Group in terms of volume, operations in the USA, France, Germany, Canada, Dubai, Singapore and Australia are becoming increasingly significant in terms of their size and strategic focus for the Group. During the year, the Group expanded its international reach through the opening of offices in New York and San Francisco along with Melbourne, Australia.

The Reed & Mackay Partnership has over 40 representatives of like-minded Travel Management Companies throughout all continents and regions and is a market-leading platform to provide customers with a truly global travel solution, whilst retaining expertise and knowledge at local levels. The Partnership offers global service excellence including reporting and supplier deal negotiation, and is a platform for providing new business on a reciprocal basis to its partners.

The Company has continued its investment programme geared to client retention, enhancing the traveller experience and delivering best-in-class travel technology tools. Investment has been directed towards technology which will deliver further value through increasing efficiency for the travel booker and a better experience for the traveller. The Company continues to develop and enhance its market-leading range of technology offerings including its online booking tool R&M/Book, mobile booking through handheld devices, business intelligence through R&M/Insights, traveller safety through R&M/Protect, and many other applications including its unique client portal and approval tools. The Company enjoys excellent engagement with existing clients, and continues to build a strong pipeline of new opportunities even during the difficult circumstances caused by the Covid-19 pandemic.

Notwithstanding the impact of the pandemic on the industry, the market for the provision of business travel services has remained very competitive. The Company's focus on service delivery, cost savings and value-added benefits to its customer base, has allowed the Company to win new business whilst maintaining exceptional retention rates. The Company actively seeks to reduce the total cost of travel via various channels - tactical fare purchasing at point of sale, efficiency measures and a consultative approach via the Strategic Account Management Team. The Company's long-standing partnership relationships with clients and service providers are highly valued and maintaining these relationships is a key component of the Company's remuneration scheme; staff are rewarded based on service levels and savings they achieve on behalf of clients. The Company seeks to manage the risk of losing clients to key competitors by the provision of added value services, in-depth understanding of client needs, driving down the overall cost of travel and by managing targeted business plans which deliver the client's key objectives.

Reed & Mackay Travel Limited

Strategic report for the year ended 31 March 2020 (*continued*)

Business review and future developments (*continued*)

The Company's consulting service to help clients strategically manage their travel programme continues to provide clients with tangible added value.

The Company actively encourages the building of close relationships with its client base and service providers. Regular meetings are held with clients and service providers to share first-hand experiences with the Directors, senior management and the Company uses these sessions to further improve its service offering to ensure that it remains a prominent thought leader in travel solutions and service delivery.

The Company monitors trading and its cash position daily and undertakes in-depth reviews of the Company's margins, profitability and Key Performance Indicators each month.

The Company continues to focus on applying best practices across the organisation and in doing so, has acquired the following certifications: ISO 9001 Quality (held since October 2006); ISO 27001 Information Security (held since August 2007); ISO 14001 Environmental (held since October 2009), PCI DSS Compliance certification (held since June 2010) and ISO22301 Business Continuity (held since July 2013).

The Directors wish to express thanks to the staff for their continued commitment and contribution to the Company's success in delivering exceptional value to its clients, especially during these extremely challenging times.

Key performance indicators

The key performance indicators of the company are as follows:

	2020 £'000	2019 £'000	%
Turnover	64,058	46,763	37
'Normal' EBITDA	18,876	17,383	8
Operating profit	11,388	15,000	(24)
Profit after tax	10,512	14,032	(25)
Average number of employees	818	485	69

Despite the impact of Covid-19, the Company has delivered significant growth in the year by expanding its offering, growing revenues from its existing base, delivering global solutions, adding new clients, and a continued investment in client retention. UK growth has also been augmented through the acquisition of Business Travel Direct in July 2019. Operating profit decreased by £3.6m as a result of the impact of Covid-19 in February and March, intergroup charges and increased amortisation and depreciation costs.

Review of financial performance

The Company's total comprehensive profit for the year of £10.5m (2019: £14.0m) and operating profit amounted to £11.4m (2019: £15.0m) after amortisation and depreciation charges of £2.7m (2019: £1.3m). Excluding exceptional, non-recurring costs (restructuring and deal costs) and intergroup charges of £4.8m (2019: £0.9m) 'Normal' Earnings Before Interest, Tax, Depreciation and Amortisation was £18.9m (2019: £17.4m).

Despite Covid-19, turnover for the year to 31 March 2020 was £64.1m, 37% up on the previous period. The strong underlying results of the Company reflects significant growth in transactional volumes through acquisitions, new client wins, increased activity with existing clients and continued investment in client retention.

The Company had net assets at the year-end of £69.4m (2019: £58.9m) and cash and cash equivalents of £18.5m (2019: £22.0m). The net decrease in cash and cash equivalents in period, compared to an increase in 2019, is primarily due to the timing of cancelled bookings immediately prior to year-end and the funding from cash of an acquisition. There was a significant movement in debtor and creditor balances due to processing of refunds immediately prior to year-end (see Notes 12 and 13).

Reed & Mackay Travel Limited

Strategic report for the year ended 31 March 2020 (*continued*)

Post Balance Sheet Events

Since the year-end and up to the date of signing these financial statements, the COVID-19 pandemic continues to cause massive disruption to the travel industry globally and is having a significant impact on the Company's trading. As a result, the Company is now forecasting significantly reduced revenue and increased losses for the year to 31 March 2021. The Directors have taken a number of measures to protect the business during this period of severe disruption, preserving cash, and reducing costs. Sadly, this has meant that we have had to significantly reduce our staff numbers which we recognise has been very difficult for all our colleagues, many of whom we have worked with for many years. We remain hopeful that we can re-employ our colleagues again in the future, but unfortunately the downturn in travel appears likely to continue into 2021.

The Company has made full use of the government's Coronavirus Job Retention Scheme with a significant proportion of the Company's workforce placed on furlough.

The Group has also updated and amended its banking facilities with a revised set of financial covenants until December 2021 and has proactively increased its senior credit facility by £9.3m in July 2020. As at the date of signature of these financial statements, the Group has a very strong cash balance and substantial liquidity headroom, which based on a cautious set of forecasts, will mean the Group is well placed to meet its financial covenants; however as set out in note 1 of the financial statements there is some uncertainty over the timing of the recovery of business travel and therefore there is a risk that the forecasts will not be achieved.

Principal risks and uncertainties

The Company's risk management framework includes a process for identifying, assessing and responding to risk and supporting the company's strategy and business objectives.

Risk management operates at all levels throughout the business. However, the Board takes overall responsibility, determining the nature and extent of principal risks it is willing to take to achieve the company's strategic objectives, and maintaining the company's risk governance structure and appropriate internal control framework.

The principal risks faced by the business are as follows:

COVID-19

The COVID-19 crisis has caused massive disruption to all aspects of life and significantly affected the travel industry globally. The directors have considered the impact on the Company's revenue streams, operational and administrative costs and liquidity. As noted above, the Company has experienced a significant decline in revenue since February 2020 and has taken measures to control costs through a combination of removing all discretionary spend, reduced staff numbers and utilisation of government schemes where these apply. The Company has prepared forecasts and modelled the combined effects of the decline in revenue and costs reduction based on various scenarios relating to the probable timing and pace of recovery in corporate travel. This detailed review has demonstrated that the Company has sufficient liquidity to meet its day to day working capital requirements from its cash reserves, including scenarios where there is a slow and gradual recovery in corporate travel. However, given the unprecedented situation facing the world, and specifically the corporate travel market, caused by this pandemic, until there is an effective vaccine or some other form of treatment that is widely available, nobody can predict when businesses and people will regain complete confidence in travelling. International travel will continue to be hampered by the restrictions and border controls imposed by governments on traveling and it is not yet clear when these will be lifted. For these reasons the Directors highlight the material uncertainty relating to its forecasts which support preparing these financial statements on a going concern basis; further details are set out in note 1 to the Financial Statements.

Credit risk

The Company's credit risk is primarily attributable to its trade debtors, while the majority of supplier payments are to the airlines through direct debit. Credit risk is managed by the Company's Credit Policy: running credit checks on new clients, tracking credit scores on existing clients and by monitoring payments against contractual agreements. No long-term commitments are made without funds being received from clients.

Reed & Mackay Travel Limited

Strategic report for the year ended 31 March 2020 (*continued*)

Principal risks and uncertainties (*continued*)

Cash flow risk

The company monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections on a monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary. Despite the short-term impact of cancelled bookings on working capital, the Company finished the year with a strong cash balance of £18.5m (2019 - £22.0m), with the negative impact on working capital unwinding post year-end.

Foreign exchange risk

As Reed & Mackay continues to expand its international presence its exposure to foreign exchange movements increases. This is monitored on a month by month basis.

S172 Statement

This is the first year that large companies must publish a statement setting out how their Directors have complied with Section 172(1) of the Companies Act 2006. This requires Directors to act in the way they consider would most likely promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and,
- the need to act fairly as between the company's owners.

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) and forms the Directors' statement under section 414CZA of The Companies Act 2006.

The Directors consider, both individually and collectively, that we have acted in the way we consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in section 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 March 2020.

Decision-making at the Board

The Board consists of both Executive and Non-Executive Directors who bring considerable experience and perspective to the decision-making process. The responsibilities of the Board are set out in the Company's Articles of Association. The Board meets on a regular basis and all matters in which the Board is required to reach a decision are presented at Board meetings. Supporting papers setting out to the Directors the relevant key facts are also provided. The papers also describe any potential impacts and risks for the Company, its clients, employees, shareholders and other stakeholders including suppliers, the community and environment, and how these are to be managed.

Employees

The Board considers its employees to be a primary stakeholder in the business and strives to retain and motivate all employees as well as attracting high quality new talent. The culture is to be supportive and actively recognise efforts, ensuring employees feel they are making an impact doing fulfilling work, as well as encouraging people to grow and develop. The company has a strong focus on employee engagement and HR strategy and seek to develop a workplace that employees enjoy being a part of. The wellbeing of employees is very important, and integrating work and family life, as well as taking care of oneself and giving back to the community are all encouraged

Reed & Mackay Travel Limited

Strategic report for the year ended 31 March 2020 (*continued*)

S172 Statement (continued)

Diversity and equal opportunity are of great importance at Reed & Mackay, we believe it's the only way to ensure everyone can reach their full potential. We are proud of our inclusive culture and the part it plays in attracting and retaining a talented workforce with real passion for delivering extraordinary service.

Clients

At Reed & Mackay, our clients are at the heart of what we do. Our desire for service is matched only by our dedication to value. Our travel experts search harder, explore further and think smarter to deliver our clients the best possible solution. To give our consultants the edge, we combine their talents with our very own industry leading technology. By empowering them with wide reaching multi-channel content they are able work faster and smarter – to find the best price, the safest route or the quickest alternative should something unexpected arise.

Environment

We recognise that business travel has an impact on the environment. As a result, we are fully committed to minimising this impact along with our clients. Certified to ISO 14001, the international environmental accreditation, we work hard to reduce the carbon footprint of our business and that of our clients' travel programmes.

High standards of business conduct

The Board set out to behave in a responsible manner, operating with the highest standards of business conduct and good governance. This is epitomised in the certifications achieved for ISO 9001 (Quality) ISO 22301 (Business Continuity Management) and ISO 27001 (Information Security Management), ensuring that risks are identified and minimised, and that the business has the resource and ability to continue to provide the highest quality service to its clients even when unexpected situations arise, such as the recent Covid-19 pandemic.

We work closely and collaboratively with our service providers, including airlines, hotels and transport services, and suppliers, including our technology partners, developing a partnership approach to foster sound commercial relationships that ultimately benefit our clients.

The Board recognises and continues to protect and promote the Reed & Mackay brand and reputation which has been built over 30 years on the foundation of the highest standards of service and integrity.

Approval

This strategic report was approved by order of the Board on 30/9/2020


J. Hanly
Director

Reed & Mackay Travel Limited

Directors' report for the year ended 31 March 2020

The directors present their report together with the audited financial statements for the year ended 31 March 2020.

Results

The income statement is set out on page 12 and shows the profit for the year.

Principal activities, review of business and future developments

The company is engaged in the booking and ticketing of flights, hotels and ancillary services for business travel and the arrangement of corporate events and meetings in the UK and throughout the world. There have been no changes in the company's principal activities in the period under review.

The review of business, principal risks and uncertainties, likely future developments of the company, financial risk management and objectives and post balance sheet events are shown in the Strategic report on pages 1-5.

The directors do not recommend the payment of a dividend (2019 - £Nil).

Employment of disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company.

Employee involvement

The company is committed to engaging employees in the performance and direction of the company. Through the company's performance development plans and incentive schemes, employees' objectives are closely aligned to those of the company. Management is committed to having the industry leading training programme and has continued to invest in bespoke training, including the Reed & Mackay Learning Academy (accredited by the Chartered Management Institute). Furthermore, as part of a blended employee engagement approach, the company has developed several core e-learning programmes. Employees also attend quarterly business updates and an annual conference where, through interactive sessions, ideas around business development and industry innovation are shared.

Corporate social responsibility

The company is committed to operating to the highest ethical standards; this includes all of its dealings with customers, employees, shareholders and other stakeholders. The company obtained its ISO14001 accreditation successfully in the prior year and continues to support i-Care its charitable foundation.

A consulting service is provided to customers advising on the most carbon efficient method of travel available to them. This is backed up with carbon emission reporting that is supplied to companies to assist in the reduction of their carbon footprint.

The Company has taken advantage of the exemption not to prepare a Streamlined Energy and Carbon Reporting ("SECR") report as it is included in the consolidated financial statements of Reed & Mackay Holdings Ltd.

Reed & Mackay Travel Limited

Directors' report for the year ended 31 March 2020 (continued)

Directors

The directors of the company during the year were:

A T Baumfield
M Everson
F A Stratford
J Hanly

The company has made qualifying third-party indemnity provisions for the benefit of directors and officers of the company which were made during the year and exist at the date of this report.

Statement as to disclosure of information to auditors

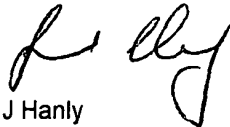
All of the current directors have taken all the steps that they ought to have taken, to make themselves aware of any information needed by the company's auditors for the purposes of their audit, and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Approval

This directors' report was approved by order of the Board on 30/9/2020



J Hanly
Director

Date 30/9/2020

Reed & Mackay Travel Limited

Directors' responsibilities statement for the year ended 31 March 2020

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Reed & Mackay Travel Limited

Independent auditor's report

TO THE MEMBERS OF REED & MACKAY TRAVEL LIMITED

Opinion

We have audited the financial statements of Reed & Mackay Travel Limited ("the Company") for the year ended 31 March 2020 which comprise the income statement and statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements, which indicates that the Company is reliant on the funding and liquidity of Monaco Topco Limited and its subsidiaries ("the Group"). Due to the current uncertainty in respect of business travel, there is a risk that the Group will breach the minimum liquidity levels on the Group's lending facilities within twelve months of the date of approval of these financial statements as a result of the impact of the COVID-19 Pandemic. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Reed & Mackay Travel Limited

Independent auditor's report (*continued*)

Other information

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

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

Reed & Mackay Travel Limited

Independent auditor's report (*continued*)

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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



Dominic Stammers (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
United Kingdom

30 September 2020

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

Reed & Mackay Travel Limited

Income statement and statement of comprehensive income for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Turnover	3	64,058	46,763
Administrative expenses		(52,918)	(31,763)
Other income		248	-
		<hr/>	<hr/>
Operating profit	4	11,388	15,000
Dividend income		-	260
Interest receivable and similar income	7	33	12
		<hr/>	<hr/>
Profit on ordinary activities before taxation		11,421	15,272
Taxation on profit from ordinary activities	8	(909)	(1,240)
		<hr/>	<hr/>
Profit and total comprehensive income for the year		10,512	14,032
		<hr/>	<hr/>

All amounts relate to continuing activities.


The notes on pages 15 to 31 form part of these financial statements.

Reed & Mackay Travel Limited

Balance sheet at 31 March 2020

Company number 00963087	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Investments	9		80		96
Intangible assets	10		7,092		2,030
Tangible assets	11		1,711		1,835
			<u>8,883</u>		<u>3,961</u>
Current assets					
Debtors	12	74,593		79,619	
Cash at bank and in hand		18,461		21,991	
		<u>93,054</u>		<u>101,610</u>	
Creditors: amounts falling due within one year	13	(31,557)		(46,201)	
		<u></u>		<u></u>	
Net current assets			<u>61,497</u>		<u>55,409</u>
Total assets less current liabilities			<u>70,380</u>		<u>59,370</u>
Creditors: amounts falling due after more than one year	14	(333)		(203)	
Provisions for liabilities	16	(612)		(244)	
		<u></u>	<u>(945)</u>	<u></u>	<u>(447)</u>
Net assets			<u>69,435</u>		<u>58,923</u>
Capital and reserves					
Called up share capital	19		429		429
Profit and loss account			69,006		58,494
			<u>69,435</u>		<u>58,923</u>
Shareholders' funds			<u>69,435</u>		<u>58,923</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30/9/2020


J Hanly
Director

The notes on pages 15 to 31 form part of these financial statements.

Reed & Mackay Travel Limited

Statement of changes in equity for the year ended 31 March 2020

	Share capital £'000	Profit and loss account £'000	Total Equity £'000
At 1 April 2019	429	58,494	58,923
Comprehensive income for the year			
Profit for the year	-	10,512	10,512
Total comprehensive income for the year	-	10,512	10,512
At 31 March 2020	429	69,006	69,435
	Share capital £'000	Profit and loss account £'000	Total Equity £'000
At 1 April 2018	429	44,462	44,891
Comprehensive income for the year			
Profit for the year	-	14,032	14,032
Total comprehensive income for the year	-	14,032	14,032
At 31 March 2019	429	58,494	58,923

The notes on pages 15 to 31 form part of these financial statements.

Reed & Mackay Travel Limited

Notes forming part of the financial statements for the year ended 31 March 2020

1 Accounting policies

Reed & Mackay Travel Limited is a company, limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the Directors' report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the company's accounting policies.

Going concern

The directors have prepared the accounts on a going concern basis. The Company is reliant on the funding and liquidity of Monaco Topco Ltd and its subsidiaries (the Group). The directors, therefore, after making enquiries, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Subsequent to the year-end the Group has updated and amended its banking facilities with a revised set of financial covenants until December 2021. The cash flows indicate that the Group can trade within its existing facilities, meet its liabilities as they fall due and meet all banking covenants throughout this period. The directors have considered these projections and the availability of shareholder support, and on this basis concluded that the going concern basis of preparation is appropriate.

The COVID-19 pandemic has led to a significant trading impact from late February 2020 through to the most recent trading results up to the date of signing these financial statements. Whilst domestic travel in each market has shown some signs of recovery, international travel remains limited; however, the Directors expect a gradual return to international business travel over the next two years.

Directors have taken steps to protect the wider group's cash flow and is managing its cash reserves through reducing costs and has proactively increased its senior credit facility by £9.3m in July 2020. The cost reduction measures include reducing staff numbers, reduction of hours and salaries; availing of Government subsidies such as the Coronavirus Job Retention Scheme; and, the deferral or waiver of tax liabilities and rental costs as and where permitted under local rules.

Given the unprecedented situation facing the world, and specifically the corporate travel market, caused by this pandemic, until there is an effective vaccine or some other form of treatment that is widely available, nobody can predict with certainty when businesses and people will regain complete confidence in travelling. International travel will continue to be hampered by the restrictions and border controls imposed by governments on traveling and it is not yet clear when these will be lifted. This creates material uncertainty that may cast significant doubt about the group's forecasts and, consequently, the Company's ability to continue as a going concern and that, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Under the revised terms with its debt providers, the Group has minimum liquidity levels to be met over the forecast period. The group is forecasting to meet these liquidity levels, but these forecasts are based on a gradual return of business travel over the next two years. Given the level of uncertainty, there is a risk that the pace and level at which business travel returns could be materially less than forecast and this could potentially lead the group to breach the liquidity tests set out in its banking agreement within twelve months from the date of approval of these financial statements.

The Group has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements. The financial statements have therefore been prepared on a going concern basis.

Reed & Mackay Travel Limited

Notes forming part of the financial statements for the year ended 31 March 2020 (*continued*)

1 Accounting policies (*continued*)

The following principal accounting policies have been applied:

Consolidated financial statements

The financial statements contain information about Reed & Mackay Travel Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by Section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the EEA accounts of a larger group.

Statement of cash flows

The company has taken advantage of the exemption conferred by Financial Reporting Standard FRS102 Summary - Section 7 - Statement of Cash Flows not to prepare a Statement of Cash Flows on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Reed & Mackay Holdings Limited and the company is included in consolidated financial statements. These financial statements may be obtained from the Registrar of Companies.

Turnover

Turnover consists primarily of commission and fees earned on the sale of travel, hotel bookings and events, exclusive of value added tax.

Transaction fee income is recognised at the date the ticket is issued, amended or a refund is processed. Management fee and event management fees are recognised over the period to which the service relates. Marketing income and commissions are recognised over the term of the agreement on an accrual basis. As agent, the value of tickets and other travel costs are not recognised by the Company as turnover.

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the company's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisitions of businesses is included in 'intangible assets'. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to profit or loss over its useful economic life of 10 years.

The estimate of the useful economic life of goodwill is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Other intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets relating to development costs are measured at cost or fair value less any accumulated amortisation and any accumulated impairment losses.

Reed & Mackay Travel Limited

Notes forming part of the financial statements for the year ended 31 March 2020 (*continued*)

1 Accounting policies (*continued*)

Amortisation

Amortisation is provided to write off the cost, less estimated residual values, of all intangible fixed assets, evenly over their expected useful lives using the straight-line method. Expected useful lives have been determined by reference to contract lengths, likelihood of renewals and historic comparatives of similar assets. It is calculated at the following rates:

Brand, Customer relationships, Technology	- 3 to 10 years
Computer software	- 3 years

Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Leasehold improvements	- 20% per annum straight line
Plant, machinery and motor vehicles	- 25% per annum straight line
Fixtures, fittings and IT equipment	- 33% per annum straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in profit or loss.

Foreign currency

Foreign currency transactions are translated into the company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

Reed & Mackay Travel Limited

Notes forming part of the financial statements for the year ended 31 March 2020 (*continued*)

1 Accounting policies (*continued*)

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Leased assets

Operating lease annual rentals are charge to profit or loss on a straight-line basis over the term of the lease.

Rent free periods or other lease incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to profit or loss in the year in which they become payable. Amounts not paid are shown in creditors as a liability in the balance sheet.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty or notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant change in value.

Reed & Mackay Travel Limited

Notes forming part of the financial statements for the year ended 31 March 2020 (*continued*)

1 Accounting policies (*continued*)

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

Borrowing costs

All borrowing costs are recognised in profit and loss using the effective interest rate method.

Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether provisions are required as a result of obligations arising from past events. An assessment is made as to whether it is probable that there will be an outflow of economic benefits in settlement and whether the amount of the obligation can be measured reliably.
- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Reed & Mackay Travel Limited

Notes forming part of the financial statements for the year ended 31 March 2020 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (*continued*)

- Determine whether there are indications of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Fair value of assets and liabilities acquired on business combinations
During the year, the Company acquired the assets of Business Travel Direct as part of an asset purchase agreement from the Ickenham Travel Group.

The acquisition has been accounted for as a business combination which requires the fair value of consideration paid and valuation of assets and liabilities at the acquisition date. In determining the fair value of the consideration, management is required to determine the fair value of potential additional consideration. The purchase agreement for Business Travel Direct includes a potential additional consideration linked to future earnings, the amount payable has been assessed at £nil. The valuation of assets and liabilities at acquisition date involves the consideration of the existing book values and also the identification of further intangible assets. In determining the fair values of the intangibles, the directors have considered the underlying nature of the assets and employed valuation techniques based on forecast future earnings to estimate the value of intangibles arising as highlighted in note 10. Such information is by nature subject to uncertainty.

- *Tangible fixed assets (see note 11)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Intangible fixed assets (see note 10)*

Intangible fixed assets are amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as future cashflows, changes in business models are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Impairment of goodwill, other intangible and tangible assets and investments*

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is an indication that an asset may be impaired, the carrying value of the assets (or cash generating unit ('CGU') to which the asset has been allocated) is tested for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. To determine the fair value, valuations were undertaken based on estimates and assumptions about the future cash flows of each CGU, discounted to present value at the reporting date, using discount factors determined based on the weighted average cost of capital appropriate to that CGU.

Reed & Mackay Travel Limited

Notes forming part of the financial statements for the year ended 31 March 2020 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Other key sources of estimation uncertainty (continued)

The future cash flow estimates were based on projected future performance of CGUs taking into consideration the risks associated with Covid-19 known at the reporting date, having reference to independent 3rd party industry analysis, in particular in respect of the expected reduction of travel due to Covid-19. As at 31 March 2020, the carrying value of CGUs is greater than the NBV of the associated intangibles recorded in the accounts and therefore no impairment has been recognised; however, as set out in note 25 on post balance sheet events, the directors continue to monitor the financial impact of the Covid-19 pandemic.

- **Taxation and deferred tax**

The likelihood of any timing differences on tax balances reversing is assessed each year when calculating the deferred tax balances. This takes into account forecast taxable income in each region and any changes in tax legislation.

3 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

4 Operating profit

	2020 £'000	2019 £'000
This has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	1,096	569
Amortisation of intangible assets	1,584	707
Hire of plant and machinery - operating leases	219	114
Hire of other assets - operating leases	1,565	719
Fees payable to the company's auditor for the auditing of the company's annual accounts	86	37
Fees payable to the company's auditor for other services:		
- audit of the company's fellow subsidiaries and group companies	73	58
- tax compliance services	23	-
- other assurance services	4	3
Recharges from group companies	4,042	173
Exchange differences	(32)	(97)

The audit fees for the group are borne by Reed & Mackay Travel Limited.

Reed & Mackay Travel Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (*continued*)

5 Employees

	2020 £'000	2019 £'000
Staff costs (including directors) consist of:		
Wages and salaries	29,353	19,601
Social security costs	3,335	2,295
Other pension costs	1,052	716
	<u>33,740</u>	<u>22,612</u>

Staff costs of £1,203,000 (2019 - £867,000) were capitalised in software development within intangible assets (note 10) in the year.

The average number of employees (including directors) during the year was as follows:

	2020 Number	2019 Number
Travel consultants and managers	555	313
Sales	31	21
Office and management	232	151
	<u>818</u>	<u>485</u>

6 Directors' remuneration

	2020 £'000	2019 £'000
Directors' emoluments	1,015	765
Company contributions to money purchase pension schemes	29	27
	<u>1,044</u>	<u>792</u>

There were 2 directors in the company's defined contribution pension scheme during the year (2019 - 2).

The total amount payable to the highest paid director in respect of emoluments was £361,000 (2019 - £261,000). No pension contributions were made to a money purchase scheme on their behalf (2019 - £Nil).

7 Interest receivable and similar income

	2020 £'000	2019 £'000
Other interest	<u>33</u>	<u>12</u>

Reed & Mackay Travel Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (*continued*)

8 Taxation on profit from ordinary activities

	2020 £'000	2019 £'000
<i>UK corporation tax</i>		
Current tax on profits of the year	761	1,734
Adjustment in respect of previous periods	(380)	375
	<hr/>	<hr/>
Total current tax charge	381	2,109
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	687	(870)
Adjustment in respect of prior years	(39)	1
Effect of rate change on opening balance	(120)	-
	<hr/>	<hr/>
Total deferred tax charge	528	(869)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	909	1,240
	<hr/>	<hr/>

The tax assessed for the year is lower than (2019 – lower than) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	11,421	15,272
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2019 – 19.00%)	2,170	2,901
Effects of:		
Expenses not deductible for tax purposes	143	205
Adjustment to tax charge in respect of previous periods	(492)	375
Effect of change in tax rate	(121)	102
Other tax adjustments, reliefs and transfers	110	(1,241)
Adjustment in respect of prior years - deferred tax	(39)	-
Group Relief	(862)	(1,102)
	<hr/>	<hr/>
Total tax charge for year	909	1,240
	<hr/>	<hr/>

9 Investments

	2020 £'000	2019 £'000
Investment in subsidiaries	80	80
Other investments	-	16
	<hr/>	<hr/>
	80	96
	<hr/>	<hr/>

Reed & Mackay Travel Limited

Notes forming part of the financial statements for the year ended 31 March 2020 (continued)

9 Investments (continued)

During the year the Company disposed of its shares in an unlisted investment for a consideration of £16,000.

The undertakings in which the company's interest at the year-end is 20% or more are as follows:

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business	Registered Office
Reed & Mackay Partnership International (Holdings) Limited	England and Wales	Limited by guarantee	100%	Holding company	Nexus Place, 25 Farringdon Street, London, EC4A 4AF
Reed & Mackay Partnership International Limited*	England and Wales	Ordinary	100%	Global travel service provider	Nexus Place, 25 Farringdon Street, London, EC4A 4AF

* Held indirectly

10 Intangible fixed assets

	Customer relationships £'000	Brand £'000	Technology £'000	Goodwill on consolidation £'000	Software development £'000	Total £'000
<i>Cost or valuation</i>						
At 1 April 2019	-	-	-	-	3,304	3,304
On acquisition of business	2,034	341	361	2,707	-	5,443
Additions	-	-	-	-	1,203	1,203
At 31 March 2020	2,034	341	361	2,707	4,507	9,950
<i>Amortisation</i>						
At 1 April 2019	-	-	-	-	1,274	1,274
Provision for the year	136	76	80	180	1,112	1,584
At 31 March 2020	136	76	80	180	2,386	2,858
<i>Net book value</i>						
At 31 March 2020	1,898	265	281	2,527	2,121	7,092
At 31 March 2019	-	-	-	-	2,030	2,030

The Company acquired the assets of Business Travel Direct ("BTD"). Total consideration for the acquisition was £4.8m. Goodwill and other intangible assets totalling £5.4m arose on the acquisition. See note 24 for further details.

Reed & Mackay Travel Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (*continued*)

11 Tangible assets

	Leasehold improvements £'000	Plant, machinery and motor vehicles £'000	Fixtures, fittings and IT equipment £'000	Total £'000
<i>Cost</i>				
At 1 April 2019	827	558	3,366	4,751
On acquisition of business (note 24)	-	75	-	75
Additions	49	40	808	897
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2020	876	673	4,174	5,723
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2019	509	378	2,029	2,916
Provided for the year	79	113	904	1,096
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2020	588	491	2,933	4,012
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2020	288	182	1,241	1,711
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	318	180	1,337	1,835
	<hr/>	<hr/>	<hr/>	<hr/>

Reed & Mackay Travel Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (continued)

12 Debtors

	2020 £'000	2019 £'000
Trade debtors	10,739	23,587
Amounts owed by group undertakings	48,460	48,219
Other debtors	7,373	628
Prepayments and accrued income	6,611	6,207
Corporation tax	935	-
Deferred taxation	475	978
	<u>74,593</u>	<u>79,619</u>

All amounts shown under debtors fall due for payment within one year except:

- Deferred tax asset recognised in respect of short-term timing differences & fixed asset timing differences £475,000 (2019 - £977,931).

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £170,766 (2019 - £28,000).

Amounts owed by group undertakings consists of unsecured, non-interest bearing loans payable on request.

Due to the impact of Covid-19, Other debtors include refunds due back from trade suppliers.

13 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	6,490	29,939
Amounts owed to group undertakings	5,520	8,076
Corporation tax	-	465
Other taxation and social security	1,196	893
Other creditors	9,044	343
Accruals and deferred income	9,307	6,485
	<u>31,557</u>	<u>46,201</u>

Amounts owed to group undertakings consists of unsecured, non-interest bearing intercompany loans payable on request.

Due to the impact of Covid-19, other creditors includes amounts due to customers in respect of refunds.

14 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Other creditors	<u>333</u>	<u>203</u>

Reed & Mackay Travel Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (*continued*)

15 Financial instruments

The Company's financial instruments may be analysed as follows:

	2020 £'000	2019 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	90,849	99,837
Financial liabilities		
Financial liabilities measured at amortised cost	28,089	43,275

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, accrued income and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group undertakings.

Information regarding the company's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Strategic report.

16 Provisions for liabilities

	Deferred Tax Provision £'000	Dilapidations Provision £'000	Total Provision £'000
At 1 April 2019	-	244	244
Acquisition of business	368	-	368
At 31 March 2020	368	244	612

The deferred tax provision relates to deferred tax on intangible assets arising on business combinations.

The dilapidations provision relates to the requirements under the terms of the operating lease for business premises.

17 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions of £7,650 (2019 - £114,718) were payable to the fund at the end of the financial year and are included in creditors.

Reed & Mackay Travel Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (*continued*)

18 Deferred taxation

	2020 £'000	2019 £'000
Deferred tax assets		
Origination and reversal of timing differences	475	978
Deferred tax liabilities		
Deferred tax arising on business combination	(368)	-

The net reversal of deferred tax assets and liabilities expected in 2020 is £107,000. This is expected to arise due to: utilisation of brought forward tax losses; depreciation anticipated to be higher than the available capital allowances and short-term timing differences.

During the year £2,685,000 of carried forward losses were utilised, at the 31 March 2020 the value of unutilised losses was £3,394,000 (2019 - £6,079,000).

19 Share capital

	Allotted, called up and fully paid			
	2020 Number	2019 Number	2020 £'000	2019 £'000
Ordinary shares of £1 each	429,267	429,267	429	429

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

20 Contingent liabilities

The company had guaranteed bank borrowings of Monaco Bidco Limited, a fellow group company. At the year end the liabilities covered by these guarantees totalled £85,750,000 (2019 - £84,243,000).

The consideration for the acquisition of BTM (see note 24) included the potential to increase the purchase consideration through an 'earn-out' mechanism which is linked to future earnings. The maximum amount payable under this consideration is £5m. The Directors do not believe that the earn-out clause will be triggered and therefore the amount payable under this mechanism has been assessed at £nil.

Reed & Mackay Travel Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (*continued*)

21 Commitments under operating leases

The company had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 2020 £'000	Other 2020 £'000	Land and buildings 2019 £'000	Other 2019 £'000
Not later than 1 year	1,427	49	959	50
Later than 1 year and not later than 5 years	3,453	164	4,153	7
	<u>4,880</u>	<u>213</u>	<u>5,112</u>	<u>57</u>

22 Related party disclosures

The company is a wholly owned subsidiary of Reed & Mackay Holdings Limited and has taken advantage of the exemption conferred by FRS 102 Summary - Section 33 - Related Party Disclosures not to disclose transactions with Reed & Mackay Holdings Limited or other wholly owned subsidiaries within the group.

Key management and personnel

The key management and personnel of the company are the directors. Details of the remuneration of the directors is given in note 6.

At 31 March 2020 the amount due from Reisebüro Moll GmbH, a fellow subsidiary, was £490,000 (2019 – £439,000) and is included in other debtors.

23 Controlling party

The smallest undertaking for which the company is a member and for which Group financial statements are prepared is Reed & Mackay Holdings Limited, and the largest Group of undertakings for which Group accounts are drawn up is Monaco Topco Limited. In the opinion of the directors, the ultimate controlling shareholder is Inflexion Buyout fund IV (No 1) LP.

Reed & Mackay Travel Limited

Notes forming part of the financial statements
for the year ended 31 March 2020 (*continued*)

24 Business combination

On 30 July 2019, Reed & Mackay Travel Limited acquired the trade and assets of Business Travel Direct, a Corporate Travel trading division of Ickenham Travel Group Plc.

In calculating the goodwill arising on acquisition, the fair value of net assets has been assessed and adjustments from book value have been made where necessary.

	Book value £'000	Adjustments £'000	Fair value £'000
Tangible fixed assets	75	-	75
<i>Intangible assets</i>			
- Brand	-	341	341
- Customer relationships	-	2,034	2,034
- Technology	-	361	361
<i>Current assets</i>			
Debtors	3,569	-	3,569
Total assets	3,644	2,736	6,380
Creditors: Amounts due within one year	(3,947)	-	(3,947)
Deferred tax	-	(368)	(368)
Net assets	(303)	2,368	2,065
Goodwill			2,707
Total purchase consideration (including expenses of £155k)			4,772
Net purchase consideration settled in cash			4,772
Total consideration			4,772

The useful economic life of goodwill has been estimated to be 10 years, 10 years for customer relationships, 3 years for technology and 3 years for brand based on forecasts for the business. Since the acquisition date to 31 March 2020, revenues in relation to Business Travel Direct were £5,657,000 and profit during the period was £25,000.

Reed & Mackay Travel Limited

Notes forming part of the financial statements for the year ended 31 March 2020 (*continued*)

25 Post balance sheet events

Since the year-end the Company is forecasting significantly reduced revenue and increased losses for the year to 31 March 2021. The Directors have taken a number of measures to protect the business during this period of severe disruption, preserving cash, and reducing costs. The directors continue to monitor the financial impact of the Covid-19 pandemic.

The Company has made use government's Coronavirus Job Retention Scheme with a significant proportion of the Company's workforce placed on furlough.

In July 2020 the Group has updated and amended its banking facilities and has increased its senior credit facility by £9.3m.