**Mariner International Travel (UK) Limited**

**Reports of the Directors and financial statements**
**for the year ended 30 September 2019**
**Company number 01239190**

The Directors present their Strategic and Directors' Reports on and the audited financial statements of Mariner International Travel (UK) Limited (the "Company") for the year ended 30 September 2019. The Company is a wholly owned subsidiary within the Travelopia Group of companies ("the Group"), headed in the UK by Tim Intermediateco Limited (renamed Travelopia Group Holdings Limited with effect from 1 May 2020). The names Tim Intermediateco Limited and Travelopia Group Holdings Limited are synonymous within the Reports of the Directors and financial statements.

**STRATEGIC REPORT**

The Company's principal activity during the year continued to be that of a tour operator promoting and providing sailing holidays.

**Review of the business**

To effectively measure the development, performance and position of the Company, the following Key Performance Indicators (KPIs) are of most relevance.

| | **Year ended 30 September 2019 £'000** | Year ended 30 September 2018 £'000 |
|---|---|---|
| Revenue | **11,119** | 10,346 |
| Profit/(Loss) on ordinary activities before interest and taxation | **322** | (831) |
| Profit/(Loss) on ordinary activities before taxation | **322** | (941) |
| Net liabilities | **(18,994)** | (27,831) |

No dividends were paid during the year (2018: £nil) and the Directors are unable to recommend the payment of a final dividend.

The Company's gross profit was £2,409,000 (2018: £1,862,000). The increase in revenue of £773,000 is a result of increase in charter holidays in the British Virgin Islands as the capacity of the base continues to recover following Hurricane IRMA in September 2017.

| | **Year ended 30 September 2019** | Year ended 30 September 2018 |
|---|---|---|
| Profit/(Loss) on ordinary activities before interest and taxation | **322** | (831) |
| Add back: provision against intercompany balance with Hellas Mepe | **9** | 920 |
| Add back: fees relating to closure of Turkish base | **115** | 179 |
| Operating profit excluding exceptional items | **446** | 268 |

The exceptional charges in 2019 and 2018 relate to costs incurred in the closure of the Group's base in Turkey, which closed in October 2017 and was previously operated by the company, and full provision against amounts due from Sunsail Hellas Mepe, a subsidiary of the entity.

**Post balance sheet events, funding, liquidity and going concern**

At 30 September 2019, the Company has net current liabilities of £19,581,000 (2018: £28,405,000) and net liabilities of £18,994,000 (2018: £27,831,000) of which cash balances amounted to £634,000 (2018: £635,000) and intercompany payables to £17,948,000 (2018: £27,915,000)

Subsequent to the year end and up to the date of signing these financial statements, the rapid global escalation of the Covid-19 coronavirus from late February 2020 resulting in significant global travel restrictions, has impacted the Company's, the Group's and our suppliers' ability to fully deliver and operate its core products.

The Company and the Group's Directors are monitoring the situation closely, drawing up and implementing plans to mitigate the impact of the operational risks where possible, including cancellation, postponement and rebooking of our holidays, together with numerous cost reduction actions, with the intention of reducing losses and cash outflows subsequently arising. Both the Company and the Group have plans in place for a recovery and return to growth after the impact of the virus but there will be a significant impact on trading and results while global travel restrictions are in place and likely in the immediate period thereafter.

**STRATEGIC REPORT (continued)**

**Post balance sheet events, funding, liquidity and going concern (continued)**
Until the outbreak of Covid-19, the Group was on course to deliver double digit EBITDA (Earnings before interest, tax, depreciation and amortisation) growth against prior year for the year ending 30 September 2020. Whether the Company is able to operate further holidays in the remainder of the year and thereafter will be dependent on a number of factors, including worldwide government travel restrictions, customers' willingness to travel, and the ability of suppliers to provide the required services and as a result, the Company is now forecasting nothing in the way of revenue for the second half of this financial year, unless travel restrictions start to be lifted.

These financial statements are prepared on a going concern basis as Tim Intermediateco Limited has agreed to provide financial support to the Company if it should be required, in order that it can continue to trade and meet its liabilities as they fall due.

As part of their assessment of going concern, the Directors of the Company have considered the funding and liquidity position of the Group to determine the appropriateness of preparing the financial statements on a going concern basis, further details of which are provided in Note 2 of these financial statements. Following this assessment, the Directors of the Company are confident that the Group can continue as a going concern and have concluded it is appropriate to prepare these financial statements on a going concern basis.

**Principal risks and uncertainties**
Set against the evolving macroeconomic environment, the principal risks and uncertainties are:

***Operational risks***

- **Health and Safety.** Ensuring the health and safety of customers is of paramount importance. There is a risk of accidents occurring causing injury or death to customers 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 its customers and anyone engaged with its business activities and to providing a safe and suitable environment for all customers. In recognition of the importance to the Group, the Board of Directors and associated Risk Management Committee ensure all key priorities are regularly considered and reviewed, with minimum standards put in place across the Group. The Group's central Health and Safety team report directly to the Group's Chief Executive Officer, ensuring that health & safety is given adequate profile throughout the organisation and instilled within the company's culture.
- **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 Company's UK source market and creates some risk to the financial performance of the Company.
- **Destination disruption risk.** Providers of holiday and travel services are exposed to the inherent risk of domestic and international incidents affecting operations at those destinations. This includes natural catastrophes such as hurricanes. Destination disruption can also include outbreak of disease, war, political instability and terrorism. These events can cause significant operational disruption and costs to our business. No catastrophe like these can be actively prevented, but the financial risk of the Group is mitigated via insurance of assets and some operational losses, together with having many geographically diverse destinations (such as yacht bases) so as to limit the exposure to any single destination. We follow the UK Government's Foreign Office advice in our source markets with regards to non-essential travel to minimise the exposure of our customers.
- **Consumer preferences and desires.** 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. Consumer tastes and preferences have evolved in recent years as well, with more consumers booking their holidays online and via mobiles and tablets, and booking closer to the time of travel. There is the risk that if we do not respond adequately to such business model disruption, or if our products and services fail to meet changing customer demands and preferences, that our turnover, market share and profitability will suffer as a result.

**STRATEGIC REPORT (continued)**

**Principal risks and uncertainties (continued)**

- **Business improvement opportunities.** The Company is heavily reliant on legacy systems, processes and structures which, in some cases, are outdated, complex and inefficient. If we do not address the systems' inefficiencies we may incur higher costs due to inefficiencies and impact our ability to optimise business performance and provide a value added service to our consumers.
- **Seasonal cash flow.** Tourism is an inherently seasonal business with a large proportion of profits earned in the European summer months.
- **IT development and strategy.** Our focus is on enhancing customer experience by providing engaging, intuitive, seamless and continuous customer service through delivery of leading digital solutions, core platform capabilities, underlying technical infrastructure and IT services required to support the Group's overall strategy for driving profitable top-line growth. There is a risk that if we fail to keep up with or outpace the market and evolving consumer preferences, we do not concentrate our activities on the correct areas for overall business success, do not ensure continuity of service for critical IT systems and/or do not execute our strategy and developments in line with expectations, our customer numbers, revenue and profitability will ultimately be impacted.
- **Legal & regulatory compliance.** The Company is exposed to a range of legal, tax and other regulatory laws, which must be complied with. Failure to comply results in fines or sanctions from regulatory bodies. For example, the Company sells holidays under licenses granted by regulatory bodies in the relevant source markets, such as the Civil Aviation Authority. The licenses require us to comply with legal travel regulations, including for the ATOL licence, the requirement to hold a minimum amount of cash compared to client deposits throughout the year. 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 expert advice to business on specific areas.
- **Talent management.** The Company's success depends on its ability to retain key management and it relies on having good relations with its colleagues. If we are unable to attract and retain talent, build future leadership capability and maintain the commitment and trust of our employees, we risk not maximising our operating results and financial performance.
- **Cyber security.** Our responsibility is to protect the confidentiality, integrity and availability of the data we have and the services we provide to our customers, our employees, our suppliers and service delivery teams. There is a risk that our IT systems become exposed and susceptible to cyber-attacks and hacks. If we do not ensure we have the appropriate level of security controls in place across the Group, we could see a significant level of damage to our IT systems, including the ability to sell or provide holidays and maintain customer's data protection, causing significant reputational damage and adverse financial implications. We continuously review, test and monitor to identify potential threats as and when they arise.
- **Sustainable development.** Our focus is to reduce the environmental impact of our holidays, creating positive change for people and communities. There is a risk that we are not successful in driving forecast environmental improvements across our operations, that our suppliers do not uphold our sustainability standards and we fail to influence destinations to manage tourism more sustainably. If we do not maximise our positive impact on destinations and minimise the negative impact on the environment to the extent that our stakeholders expect, this could result in a decline in stakeholder confidence, reputational damage, sustained long term damage to the Company's current and future destinations, reduction in demand for our products and services and loss of competitive advantage.

**STRATEGIC REPORT (continued)**

**Principal risks and uncertainties (continued)**

- **COVID-19 coronavirus.** The current global travel restrictions impact the Company's ability to operate and deliver their core products and thus generate revenue. While the duration of such restrictions is currently unknown, by taking the planned mitigating actions in the face of this pandemic, the Group's scenario modelling demonstrates that it has sufficient liquidity to endure an extended period of travel restriction and that the Company and Group can continue as a going concern for at least the next 12 months from the date of signing these financial statements. There is a risk that if customer demand and hence re-bookings do not materialise for our Group's trips from 1 January 2021 or cash refunds are significantly higher than as modelled in our most extreme scenario as described in note 2 of these financial statements, then the Group may not be able to continue as a going concern.

On behalf of the Board

S B M Cross
**Director**

Company Number 01239190 Dated 12 May 2020

**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, or resigned during the period, were:

P V Y Cochran
S B M Cross
O R Goodarzi

**Directors' insurance**
Throughout the financial year, an intermediate parent company, Travelopia Holdings Limited, maintained Directors' and Officers' Liability insurance policies on behalf of the 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.

**Business review**
A fair review of the business, including an analysis of the performance and financial position of the Company, together with details of key performance indicators, dividends, future developments, funding and liquidity and post balance sheet events are included within the Strategic Report.

**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 year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101.

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 United Kingdom 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.

**DIRECTORS' REPORT (continued)**

**Statement of Directors' responsibilities (continued)**
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.

On behalf of the Board

S B M Cross
**Director**

Company number 01239190 Dated 12 May 2020

**Opinion**
We have audited the financial statements of Mariner International Travel (UK) Limited ("the Company") for the year ended 30 September 2019 which comprise the Statement of total comprehensive income, the Balance sheet, the 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 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 Company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

**Other information**
The Directors are responsible for the other information. The other information comprises the information included in 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.

**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 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 Director's 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.

**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 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.

BDO LLP

John Everingham (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
Date 13 May 2020

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

**Mariner International Travel (UK) Limited**
**Statement of total comprehensive income for the year ended 30 September 2019**

| | Note | **Year ended 30 September 2019 £'000** | Year ended 30 September 2018 £'000 |
|---|---|---|---|
| **Revenue** | 5 | **11,119** | 10,346 |
| Cost of sales | | **(8,710)** | (8,484) |
| **Gross profit** | | **2,409** | 1,862 |
| Distribution costs | | **(1,211)** | (1,344) |
| Administrative expenses | | **(876)** | (1,349) |
| **Profit/(Loss) on ordinary activities before interest and taxation** | | **322** | (831) |
| Finance expense | 6 | **-** | (110) |
| **Profit/(Loss) on ordinary activities before taxation** | 7 | **322** | (941) |
| Tax expense | 9 | **15** | - |
| **Profit/(Loss) for the financial year attributable to owners of the parent** | | **337** | (941) |
| **Total comprehensive profit/(loss) for the year attributable to owners of the parent** | | **337** | (941) |

**Mariner International Travel (UK) Limited**
**Balance sheet as at 30 September 2019**

| | Note | 30 September 2019 £'000 | 30 September 2018 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 10 | **1** | 60 |
| Deferred tax assets | 13 | **607** | 606 |
| | | **608** | 666 |
| **Current assets** | | | |
| Trade and other receivables | 14 | **634** | 1,811 |
| Cash and cash equivalents | | **634** | 635 |
| | | **1,268** | 2,446 |
| **Total assets** | | **1,876** | 3,112 |
| **Current liabilities** | | | |
| Trade and other payables | 15 | **(2,901)** | (2,936) |
| Intercompany payables | 15 | **(17,948)** | (27,915) |
| | | **(20,849)** | (30,851) |
| **Non-current liabilities** | | | |
| Trade and other payables | 15 | **(21)** | (92) |
| **Total liabilities** | | **(20,870)** | (30,943) |
| **Net liabilities** | | **(18,994)** | (27,831) |
| **Equity** | | | |
| Called up share capital | 17 | **26,666** | 18,166 |
| Profit and loss account | | **(45,660)** | (45,997) |
| **Total equity attributable to owners of the parent** | | **(18,994)** | (27,831) |

The notes on pages 12 to 24 form part of these financial statements.

The financial statements on pages 9 to 24 were approved and authorised for issue by the Board of Directors and signed on its behalf by:

S B M Cross
**Director**

Company number 01239190 Dated 12 May 2020

| | Called up share capital £'000 | Profit and loss account £'000 | Total equity £'000 |
|---|---|---|---|
| At 1 October 2017 | 18,166 | (45,056) | (26,890) |
| Total comprehensive loss for the year | - | (941) | (941) |
| At 30 September 2018 | 18,166 | (45,997) | (27,831) |
| Capital contribution | 8,500 | - | 8,500 |
| Total comprehensive profit for the year | - | 337 | 337 |
| **At 30 September 2019** | **26,666** | **(45,660)** | **(18,994)** |

**1. General information**

The Company is a private limited company incorporated and domiciled in England, UK. The address of its registered office is Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD. The Company's registered number is 01239190.

The principal activity of the Company continues to be that of a tour operator selling holiday-related services to customers in the UK.

**2. Basis of preparation**

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and liabilities measured at fair value through the statement of total comprehensive income, on a going concern basis and in accordance with the Companies Act 2006 and Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

**Going concern**

At 30 September 2019, the Company had net current liabilities of £19,581,000 (2018: £28,405,000) and net liabilities of £18,994,000 (2018: £27,831,000).

Subsequent to the year end and up to the date of signing these financial statements, the rapid global escalation of the Covid-19 coronavirus from late February 2020 resulting in significant global travel restrictions, has impacted the Company's, the Group's and our suppliers' ability to fully deliver and operate its core products.

The Company and the Group's Directors are monitoring the situation closely, drawing up and implementing plans to mitigate the impact of the operational risks where possible, including cancellation, postponement and rebooking of our holidays, together with numerous cost reduction actions, with the intention of reducing losses and cash outflows subsequently arising. Both the Company and the Group have plans in place for a recovery and return to growth after the impact of the virus but there will be a significant impact on trading and results while global travel restrictions are in place and likely in the immediate period thereafter.

Until the outbreak of Covid-19, the Group was on course to deliver double digit EBITDA (Earnings before interest, tax, depreciation and amortisation) growth against prior year for the year ending 30 September 2020. Whether the Company is able to operate further holidays in the remainder of the year and thereafter will be dependent on a number of factors, including worldwide government travel restrictions, customers' willingness to travel, and the ability of suppliers to provide the required services and as a result, the Company is now forecasting nothing in the way of revenue for the second half of this financial year, unless travel restrictions start to be lifted.

The Company and the Group's Directors have already taken various cost reduction actions, with the intention of reducing losses and cash outflows. These actions include Group wide restructuring programmes where permanent changes are necessary, taking advantage of the UK and worldwide Governments' staff furloughing schemes and other support, salary reductions and deferrals for the Group's Executive Leadership Team ("ELT") and additional unpaid leave for much of the Group's entire workforce, for which the ELT are highly grateful.

The Company is currently working to reduce cost as much as possible for the remainder of the year and thereafter. While variable cost of sales and agents' commissions will mostly reduce in line with revenue, where prepayments have been made, refunds or credit notes are being sought. Significant action is also already being taken across the Company and the Group to reduce all fixed cost of sales where possible, marketing expenditure, staff costs, other overheads and discretionary capital expenditure in order to reduce cash outflows during this period of travel restriction and reduced revenue. Throughout the Group, credit notes and rebooking options for travel at a later date, as well as cash refunds (where required in the booking terms) are being offered to customers. Overall, the intention of the mitigating actions taken is to reduce the Group's monthly cash burn rate and ensure sufficient liquidity to continue as a going concern, even under stress tested scenarios, as noted below.

## 2. Basis of preparation (continued)

**Going concern (continued)**

These financial statements are prepared on a going concern basis as Tim Intermediateco Limited has agreed to provide financial support to the Company if it should be required, in order that it can continue to trade and meet its liabilities as they fall due.

As part of their assessment of going concern, the Directors of the Company have considered the funding and liquidity position of the Group to determine the appropriateness of preparing the financial statements on a going concern basis. In doing so, they have made enquiries to the Group's Board of Directors of the Group's mitigating actions.

Since the outbreak began, the Directors of the Group have fully drawn down on the Group's revolving credit facility, such that, when combined with the Group's customer deposits, at the date of signing these financial statements, the Group's combined cash totalled in excess of £200m. The maturity dates of our Group's £100m term loan and revolving credit facility are unchanged at 15 June 2024 and 15 June 2023 respectively.

On 4 May 2020, the Directors of the Group obtained a debt covenant holiday from the Group's Lenders for a period of four financial quarters commencing on and including 30 June 2020.

The Directors of the Group have prepared scenario plans that assess the profitability and liquidity of the Group under various durations of the travel restrictions currently in force, including a stress test scenario assuming no departures until April 2021.

The expected scenario as at the date of signing these financial statements is that no holidays or trips will be operated until the end of September 2020 and as such no revenues will be recognised in this period, notwithstanding the gradual easing of some of the restrictions to European waterways in early May 2020 which will hopefully allow for some revenues within the Group's Le Boat division in this financial year. Cancellation, cash refund and rebooking rate assumptions have then been applied to each of our Group's divisions/companies, taking into account the nature of the trips sold, customer booking trends and customer terms and conditions of the Group's businesses. Whilst the Company's trips are subject to the Package Travel Regulations ("PTR"), many of the Group's companies fall outside of these regulations and have different terms and conditions in place that enable them to defer and rebook customers in the current circumstances, which reduces refund levels and cash outflows in the immediate term. The Group continues to receive bookings and deposit inflows for departures in the financial year ending September 2021, demonstrating a continued demand for our Group's products.

The stress test scenario includes the assumption that there will be very little in the way of revenue before the end of 31 March 2021, with bookings not picking up until January 2021, with full recovery not expected until the financial year commencing 1 October 2021. The Group's scenario does assume some continued completion of yacht sale transactions and revenue, which is in line with current trends as yacht deliveries continue to be possible.

There are numerous assumptions and sensitivities (including in particular the level of re-booking, cancellation and refund rates) that affect the scenario planning and it is possible that the pandemic might develop such that the impact is more severe than currently modelled in the stress test scenario. However, the Directors are confident that the liquidity available at the date of signing these financial statements and the mitigating actions mentioned above are sufficient to fund the Group and therefore also the Company through at least the next 12 months.

Both the Group and the Company have plans in place for a return to growth after the impact of the virus and while there will be a significant impact on trading and results this financial year if travel restrictions continue, the Directors of the Company and the Group are confident that the business has the liquidity and impact mitigation plans such that it will successfully emerge from this pandemic.

As such, the Directors of the Company are confident that the Group can continue as a going concern based upon the liquidity headroom in the scenarios modelled. As such, the Directors of the Company have concluded it is appropriate to prepare these financial statements on a going concern basis.

**2. Basis of preparation (continued)**

**FRS 101**
FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined by Financial Reporting Standard 100 'Application of financial reporting requirements' ("FRS 100") which addresses the financial requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS").

The Company continues to use FRS 101 as the basis of accounting. The Company also elected to adopt both the provisions of Statutory Instrument 2015 No.980 'The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015' ("SI 980") which permits the use of the formats prescribed in International Accounting Standard 1 'Presentation of financial statements' ("IAS 1") for the primary statements, as opposed to using the formats prescribed by Companies Act 2006.

**Functional and presentational currency**
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in the Company's functional currency of Sterling, rounded to the nearest thousand pounds, unless otherwise stated.

**3. Summary of significant accounting policies**
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the financial years presented.

**New and amended standards adopted by the Company**
The Company 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.

**(i) IFRS 15 'Revenue from contracts with customers'**
The Company adopted IFRS 15 'Revenue from contracts with customers', with a date of initial application of 1 October 2018. As a result, the Company has changed its accounting policies relating to revenue recognition, using the modified retrospective method of adoption. Under this method, the Company elected to apply the Standard to all contracts at the date of initial application. 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, where material. The comparative information is not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

***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 income statement when the significant risks and rewards of ownership had been transferred to the buyer. Revenue in respect of holiday-related services was recognised on the date of departure. 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 holiday-related services departing after the year end were deferred and included within trade and other payables.

## 3. Summary of significant accounting policies (continued)

**New and amended standards adopted by the Company (continued)**

***Revenue recognition policy under IFRS 15***
The Company recognises revenue from the sale of holiday-related services. Revenue is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Revenue is measured at the fair value of the contractual consideration received or receivable and represents amounts receivable for 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 holiday-related services. Revenue from sale of holiday-related services is comprised of one performance obligation and the transaction price is recognised over the duration of the holiday-related service (taking the time elapsed from departure to return). For the sale of holiday-related services, the Company receives part payment of the holiday-related services by way of a deposit from customers upon booking of the holiday-related service. Using the practical expedient in IFRS 15, the Company 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 service will be one year or less.

The Company 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.

***Impact of adoption of IFRS 15***
Where the holiday-related services sold falls within a discrete financial year, there is no difference between the previous and the new accounting policy. However, where a holiday-related service spans across the Company's financial year end of 30 September, revenues and the directly related costs will be recognised over the period of the holiday-related service and hence, across two financial periods. 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.

**(ii) IFRS 9 Financial instruments**
IFRS 9 'Financial instruments' became effective for the Company on 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 Company and its accounting policy for hedging arrangements, the changes have not had a material impact on the financial statements.

**Impairment of non-financial assets**
Non-financial assets not subject to amortisation are tested annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of total comprehensive income whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows.

**Investments in subsidiaries**
Investments are recognised at cost less accumulated impairment losses.

**3. Summary of significant accounting policies (continued)**

**Financial assets**
The Company classifies its financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Company's financial assets comprise receivables and cash in the balance sheet.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

**Trade and other receivables**
Trade and other receivables are amounts due from customers and other Group companies for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets and if not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company 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.

**Impairment of financial assets**
The Company's financial assets held at amortised cost are assessed at the end of each reporting period for impairment. Impairment losses are incurred only if there is objective evidence of the impairment as a result of one or more events after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the asset that can be reliably estimated.

**Cash and cash equivalents**
Cash comprises cash at bank. The Company does not invest in deposits held on call with banks or other short-term highly liquid investments.

**Trade and other payables**
Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from third party suppliers or other Group companies. If the payment is due in one year or less they are classified as current liabilities and if not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

**Payments received on account**
Payments received on account at the balance sheet date, relating to holidays commencing and flights departing after the year end, are included within trade and other payables. If the date of departure is in one year or less they are classified as current liabilities and if not, they are presented as non-current liabilities.

**Foreign currency translation**
Foreign currency transactions are initially translated into the Company's functional currency using the actual rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing on the balance sheet date. Foreign exchange gains and losses resulting from translation to year-end rates are recognised in the statement of total comprehensive income.

**Marketing and other direct sales costs**
Marketing, advertising and other promotional costs, including those related to the production of brochures, are expensed as expenditure is incurred.

**Finance expense**
Finance expense recognised in the statement of total comprehensive income mainly comprises interest expense on loans due to Group undertakings and interest expense on legal provisions.

## 3. Summary of significant accounting policies (continued)

**Current and deferred tax**
The tax expense for the year comprises current and deferred tax and is recognised in the statement of total comprehensive income. Current tax is the expected tax payable (or recoverable) for the current financial year using the average tax rate for the year. To the extent available the amount is first recovered from, or surrendered to, other Group companies as group relief.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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 used.

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 tax authority.

**Called up share capital**
Ordinary shares are classified as equity.

**4. Reduced disclosures permitted by FRS 101**

The Company meets the definition of a qualifying entity of Tim Intermediateco Limited, as defined by FRS 100, as the results of this Company are fully consolidated into the Group financial statements of Tim Intermediateco Limited. Details for obtaining the Group financial statements of Tim Intermediateco Limited can be found in Note 20. Where applicable and required by FRS 101, equivalent disclosures have been provided in the Group's consolidated financial statements in accordance with the Application Guidance to FRS 100. As such, the Company has taken advantage of the following disclosure exemptions as set out in paragraph 8 of FRS 101:

| IFRS | Relevant paragraphs of IFRS | Disclosure exemptions taken |
|---|---|---|
| IFRS 7 'Financial instruments' | All paragraphs | All disclosure requirements. |
| IFRS 13 'Fair value measurement' | 91 to 99 | All disclosure requirements in respect of the valuation techniques and inputs used for the fair value measurement of assets and liabilities. |
| IAS 1 'Presentation of financial statements' | 38 | Paragraph 79(a)(iv) of IAS 1; and Paragraph 118(e) of IAS 38 'Intangible assets'. |
| | 38 A to D | Certain additional comparative information. |
| | 10(d) and 111 | A statement of cash flows and related information. |
| | 10(f) and 40 A to D | A balance sheet as at the beginning of the preceding financial period when an entity applies an accounting policy retrospectively or when it reclassifies items in its financial statements. |
| | 16 | A statement of compliance with all IFRS. |
| | 134 to 136 | Information on the Company's objectives, policies and processes for managing capital. |
| IAS 7 'Statement of cash flows' | All paragraphs | IAS 7 disclosures in full. |
| IAS 8 'Accounting policies, changes in accounting estimates and errors' | 30 and 31 | New standards and interpretations that have been issued but which are not yet effective. |
| IAS 24 'Related party transactions' | 17 and the requirements to disclose transactions between two group subsidiaries. | Detailed related party transaction information including key management compensation and transactions with other wholly owned subsidiaries of the Group. |
| IFRS 15 'Revenue from contracts with customers' | The requirements of the second sentence of paragraph 110 and paragraphs 113(a) 114, 115, 118, 119(a) to (c), 120 to 127 and 129 | Disaggregation of revenue, explanations of significant changes in contract balances, timing of satisfaction of performance obligations, unsatisfied performance obligations, significant judgements in the application of the standard |

**5. Revenue**

| | **Year ended 30 September 2019 £'000** | Year ended 30 September 2018 £'000 |
|---|---|---|
| United Kingdom and Republic of Ireland | **11,119** | 9,929 |
| Netherlands | **-** | 417 |
| | **11,119** | 10,346 |

## 6. Finance expense

| | Year ended 30 September 2019 £'000 | Year ended 30 September 2018 £'000 |
|---|---|---|
| Interest expense on loans from Group undertakings | - | 110 |

## 7. Profit on ordinary activities before taxation

| | Year ended 30 September 2019 £'000 | Year ended 30 September 2018 £'000 |
|---|---|---|
| Profit/(Loss) on ordinary activities before taxation is stated after charging/(crediting): | | |
| Amortisation of intangible assets | - | 98 |
| Depreciation on property, plant and equipment | - | 1 |
| Foreign exchange losses/(gains) | 154 | (264) |
| Administrative expenses – exceptional | 124 | 1,099 |

The exceptional charge in 2019 and 2018 relates to costs incurred in the closure of the Group's base in Turkey, which was previously operated by the company, and full provision against amounts due from Sunsail Hellas Mepe, a subsidiary of the entity.

Auditors' remuneration was as follows:

| | Year ended 30 September 2019 £'000 | Year ended 30 September 2018 £'000 |
|---|---|---|
| Audit fees payable to the Company's auditors | 32 | 73 |
| Fees payable to the Company's auditors for other services | - | 6 |
| Total fees payable to the Company's auditors | 32 | 79 |

## 8. Employees and Directors

Employee costs for the Company during the year were:

| | Year ended 30 September 2019 £'000 | Year ended 30 September 2018 £'000 |
|---|---|---|
| Wages and salaries | 666 | 730 |
| Social security costs | 63 | 70 |
| Other pension costs | 17 | 15 |
| | 746 | 815 |

The average monthly number of persons (including Directors) employed by the Company during the year was:

| | Year ended 30 September 2019 Number | Year ended 30 September 2018 Number |
|---|---|---|
| Marketing and Distribution | 21 | 30 |

**Directors' remuneration**

The Company's Directors are directors of a number of fellow subsidiary companies and their remuneration was paid by another Group company, which makes no recharge to the Company (2018: £nil). It is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries.

## 9. Tax expense

The tax expense can be summarised as follows:

**(i) Analysis of tax expense in the year**

| | **Year ended 30 September 2019 £'000** | Year ended 30 September 2018 £'000 |
|---|---|---|
| Current tax: | | |
| Group relief surrendered to fellow subsidiaries | **-** | 14 |
| Adjustment in respect of prior periods | **(14)** | - |
| **Total current tax** | **(14)** | 14 |
| | | |
| Deferred tax: | | |
| Origination and reversal of temporary differences: | | |
| - current year | **(1)** | (16) |
| - effect of change in tax rate | **-** | 2 |
| **Total deferred tax** (Note 13) | **(1)** | (14) |
| | | |
| **Total tax credit in the statement of total comprehensive income** | **(15)** | - |

**(ii) Factors affecting the tax expense in the year**

The tax charge (2018: £nil) for the year ended 30 September 2019 is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19.0% (2018: 19.0%). The differences are shown in the table below:

| | **Year ended 30 September 2019 £'000** | Year ended 30 September 2018 £'000 |
|---|---|---|
| **Profit/(Loss) on ordinary activities before taxation** | **322** | (941) |
| Profit/(Loss) on ordinary activities multiplied by the effective standard rate of UK corporation tax of 19.0% (2018: 19.0%) | **61** | (179) |
| | | |
| Effects of: | | |
| - Prior year losses utilised against current year profits | **(64)** | - |
| - Expenses not deductible for tax purposes | **2** | 177 |
| - Effect of reduction in UK corporation tax rate | **-** | 2 |
| - Adjustment to tax charge in respect of previous periods | **(14)** | - |
| **Total tax expense in the statement of total comprehensive income** | **(15)** | - |

**(iii) Factors affecting the future tax charge**

The rate of taxation is expected to follow the standard rate of UK corporate tax in future periods.

The main UK corporation tax rate will reduce to 17% from 1 April 2020. At 30 September 2019, deferred tax assets and liabilities have been calculated based on the current UK corporation tax rate of 19%, or 17% where the temporary difference is expected to reverse after 1 April 2020. This reduction is also expected to reduce the Company's future current tax accordingly.

## 10. Intangible assets

| | Computer software £'000 | Software in development £'000 | Total £'000 |
|---|---|---|---|
| **Cost:** | | | |
| At 1 October 2018 | - | 60 | 60 |
| Additions | - | 1 | 1 |
| Transfer | 60 | (60) | - |
| Disposal | (60) | - | (60) |
| **At 30 September 2019** | - | **1** | **1** |
| **Accumulated amortisation and impairment:** | | | |
| At 1 October 2018 | - | - | - |
| Amortisation charge for the year | - | - | - |
| Disposals | - | - | - |
| **At 30 September 2019** | - | - | - |
| **Net book value:** | | | |
| **At 30 September 2019** | - | **1** | **1** |
| At 30 September 2018 | - | 60 | 60 |

Computer Software has been disposed to Sunsail Worldwide Sailing Limited, a fellow group company, at net book value.

## 11. Property, plant and equipment

| | Office furniture and equipment £'000 |
|---|---|
| **Cost:** | |
| At 1 October 2018 and 30 September 2019 | 3 |
| **Accumulated depreciation:** | |
| At 1 October 2018 and 30 September 2019 | 3 |
| **Net book value:** | |
| **At 30 September 2018 and 30 September 2019** | - |

## 12. Investments in subsidiaries

| | Investments in subsidiary undertakings £'000 |
|---|---|
| **Cost:** | |
| At 1 October 2018 and 30 September 2019 | 12 |
| **Impairment:** | |
| At 1 October 2018 and 30 September 2019 | 12 |
| **Net book value:** | |
| **At 30 September 2018 and 30 September 2019** | - |

***List of investments in subsidiaries at 30 September 2019:***

| Name of undertaking | Country of incorporation | Registered address | Share class | % held directly by the Company | Total % held by Group companies |
|---|---|---|---|---|---|
| Sunsail Hellas Mepe (dormant) | Greece | Apollonos 12, P.Faliro 17561, Athens. | €30.00 Ordinary shares | 100.00 | 100.00 |

## 13. Deferred tax assets

| | **30 September 2019 £'000** | 30 September 2018 £'000 |
|---|---|---|
| Depreciation in excess of capital allowances | **607** | 606 |

Depreciation in excess of capital allowances principally relates to timing differences in respect of property, plant and equipment.The deferred tax amount is due to reverse in more than 12 months from the date of the financial statements.

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

| **Deferred tax assets** | **Depreciation in excess of capital allowances £'000** |
|---|---|
| At 1 October 2017 | 592 |
| Credited to the statement of total comprehensive income | 14 |
| At 30 September 2018 | 606 |
| Credited to the statement of total comprehensive income | 1 |
| **At 30 September 2019** | **607** |

A deferred tax asset has not been recognised in respect of trading losses as there is insufficient evidence that the asset will be recovered. The amount of the deferred tax asset not recognised is £3,448,000 (2018: £3,517,000). The asset would be recovered if there were suitable taxable profits in the future against which to offset the losses.

There are no other unrecognised deferred tax assets nor un-provided deferred tax liabilities at either 30 September 2019 or 30 September 2018.

## 14. Trade and other receivables

| | 30 September 2019 £'000 | 30 September 2018 £'000 |
|---|---|---|
| Amounts due from Group undertakings | 232 | 232 |
| Income tax – group relief receivable | - | 1,101 |
| Trade receivables | - | 31 |
| Other receivables | 23 | 23 |
| Prepayments and accrued income | 379 | 424 |
| | 634 | 1,811 |

**Amounts due from Group undertakings**

Amounts due from Group undertakings are unsecured, bear no interest and are repayable upon demand.

## 15. Trade and other payables

| | 30 September 2019 | | 30 September 2018 | |
|---|---|---|---|---|
| | Non-current £'000 | Current £'000 | Non-current £'000 | Current £'000 |
| Trade payables | - | 67 | - | 147 |
| Income tax – group relief payable | - | 12 | - | - |
| Amounts due to Group undertakings | - | 17,948 | - | 27,915 |
| Payments received on account | 21 | 2,362 | 92 | 2,256 |
| Accruals and deferred income | - | 460 | - | 533 |

Amounts due to Group undertakings are unsecured and are repayable upon demand. In 2019 no amounts due to Group undertakings bore interest.

## 16. Operating lease commitments

The Company had no obligations under non-cancellable operating lease contracts at 30 September 2019 or at 30 September 2018.

## 17. Called up share capital

| | 30 September 2019 £'000 | 30 September 2018 £'000 |
|---|---|---|
| **Issued and fully paid** | | |
| 533,327,956 (2018: 363,327,956) ordinary shares of £0.05 each | 26,666 | 18,166 |

On 19 September 2019 the Company issued 170,000,000 ordinary shares of £0.05 each for cash consideration of £8,500,000.

## 18. Post balance sheet events

Subsequent to the year end and up to the date of signing these financial statements, the rapid global escalation of the Covid-19 coronavirus from late February 2020 resulting in significant global travel restrictions, has impacted the Company's, the Group's and our suppliers' ability to fully deliver and operate its core products and as a result, the Company is now forecasting nothing in the way of revenue for the second half of this financial year, other than cancellation revenue, unless travel restrictions start to be lifted.

Whether the Company is able to operate further holidays in the remainder of the year will be dependent on a number of factors, including government travel restrictions in the UK and European countries, customers willingness to travel, and the ability of suppliers to provide the required services. The financial impact of this pandemic, the mitigating cost reduction actions the Company has taken to reduce losses and cash outflows is described in note 2.

**19. Contingent liabilities**

In September 2017, the Company entered into a cross guarantee between certain Group companies with Barclays Bank PLC in respect of the Group's overdraft facility for its UK Sterling denominated bank accounts. As at 30 September 2019, the total liability for which the Company is a cross guarantor amounted to £3.7m (2018: £nil).

**20. Ultimate parent company and controlling party**

The ultimate controlling party of the Company is KKR & Co Inc., on behalf of funds under its management. The immediate parent company is Mariner International (UK) Limited.

The smallest and largest group in which the results of the Company are consolidated is that headed by Tim Intermediateco Limited. Copies of the Tim Intermediateco Limited financial statements are available from the Company Secretary, Travelopia Holdings Limited, Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD. No other financial statements include the results of the Company.