

Mariner International Travel (UK) Limited

**Reports of the Directors and financial statements
for the year ended 30 September 2021**

Company number 01239190



Mariner International Travel (UK) Limited
Reports of the Directors for the year ended 30 September 2021

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 2021. The Company is a wholly owned subsidiary within the Travelopia Group of companies ("the Group"), headed in the UK by Travelopia Group Holdings Limited.

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 2021 £'000	Year ended 30 September 2020 £'000
Revenue	2,249	4,084
Profit/(loss) on ordinary activities before taxation	537	(46)
Net liabilities	<u>(19,102)</u>	<u>(19,639)</u>

No dividends were paid during the year (2020: £nil) and the Directors do not recommend the payment of a final dividend.

The Company's gross profit was £593,000 (2020: £838,000). The decrease in revenue of £1,835,000 is a result of the global Coronavirus pandemic which, from March 2020, has greatly reduced customers' ability and willingness to travel.

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Profit/(loss) on ordinary activities before interest and taxation	537	(46)
Add back: fees relating to closure of Turkish base	51	74
Operating profit excluding exceptional items	<u>588</u>	<u>28</u>

The exceptional charges in 2021 and 2020 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.

Post balance sheet events, funding, liquidity and going concern

At 30 September 2021, the company has net liabilities of £19,102,000 (2020: £19,639,000).

The continuing global travel restrictions and requirements caused by Covid-19 have significantly impacted the Company and Group's ability to deliver and operate their core products in the financial year and up to the date of signing these financial statements.

As part of their assessment of going concern, the Company's Directors have considered its funding and liquidity position together with cash flow forecasts of the Company for the period from the date of approval of these financial statements through to 31 July 2023 to determine the appropriateness of preparing the financial statements on a going concern basis. In making their assessment, they have made enquiries to the Directors of the ultimate parent company of the Travelopia Group, namely Travelopia Group Holdings Limited ('TGHL') to obtain an understanding of the actual and forecast liquidity position and funding requirements of the Travelopia Group over the assessment period.

Mariner International Travel (UK) Limited
Reports of the Directors for the year ended 30 September 2021

STRATEGIC REPORT (continued)

Post balance sheet events, funding, liquidity and going concern (continued)

During the year, the Group has generated over £25m of additional liquidity through inventory financing in the Yachts division and sale and lease back of part of the Le Boat fleet. Additionally, TCS World Travel has sub-let one of its two leased planes to offset the associated lease costs, whilst Quark Expeditions has also been successful in renegotiating terms to delay and reduce payments for its leased expedition ships. The acquisition of the Ultramarine ship has been financed largely with new long-term debt.

The Directors have continued to give regular business updates to the Group's merchant card acquirers and other key stakeholders of the Group and risks and exposures are being managed.

Prior to the year end, the Group agreed amended terms of its banking facilities with the Senior Lenders, which extended the repayment dates of the £100.0m term loan and £80.0m revolving credit facility to 15 December 2025 and 15 September 2025 respectively. Further, the Net Debt to Adjusted EBITDA ratio covenant ('net debt covenant') testing holiday was extended for a period of two years, such that the next covenant test is now 30 September 2023. The minimum liquidity covenant that was put in place last year has been extended in the interim period and has been satisfied throughout the year and up to the date of signing these financial statements.

As part of the agreement with its Senior Lenders, £35m of additional shareholder borrowing has been received by TGHL subsequent to the financial year end, together with a commitment of further funding, should it be necessary.

The Group continues to prepare 13-week rolling cashflow forecasts, together with monthly forecasts for the financial year ending 30 September 2022 ('FY22'). The Group has agreed its Budget for the year ended 30 September 2022 ('FY22 Budget') and Strategic Plan covering the financial period to 30 September 2024 with its ultimate shareholders. The latest FY22 forecast and Strategic Plan form the basis of the Directors' going concern assessment, with the term used in the assessment being the period to 31 July 2023.

The forecast used in the assessment assumed some recovery of global travel in FY22 with a further recovery in FY23 and beyond. As a result of the actions taken in the last two years to reduce costs, the additional fleet financing taken on and stronger than expected bookings and re-bookings being seen for FY22 and beyond, the Group started FY22 in a strong position and ahead of budgeted expectations. The forecast assumed a slow return to travel, with some recovery assumed in the second half ('H2') of FY22 with the Group's cash low points in the assessment period being expected in the second quarter of FY22. As continued disruption was assumed over the first half of the financial year, neither the Russian/Ukrainian conflict nor the Omicron variant has materially impacted the FY22 outlook as at the date of signing these financial statements.

The global roll out of Covid-19 vaccines and recent commencement of relaxation of some global travel restrictions has improved consumer confidence and while the Omicron variant led to some set back over the first few months of 2022, the Directors consider the current outlook to be positive. Whilst there continues to be some uncertainty around the duration and extent of global travel restrictions, the Directors have been prudent in their planning assumptions. The FY22 forecast takes into account the limited Antarctic operations (Winter 2021/22) for Quark Expeditions, significantly impacted TCS operations and assumes a delayed re-opening of long-haul travel. It also takes into account the strong performance of Yacht sales and charter over Winter 21/22, driven predominantly by US customers travelling to the Caribbean. Even with this set of prudent planning assumptions, the Directors do not anticipate any additional funding from its shareholders will be necessary over the going concern assessment period.

In assessing the Group's going concern outlook, the FY22 forecast has been sensitised to model and assess the potential impact of a further delay in the recovery of travel. Severe but plausible sensitivities to both revenues and variable costs have been applied to each applicable business over the assessment period. The FY23 forecast assumes that any remaining global restrictions are manageable such that travel can return towards that seen before the global pandemic. The Directors anticipate that even in a severe downside scenario, the liquidity available to the Group from committed funding is sufficient to enable it to continue trading as a going concern and therefore the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis of accounting without the inclusion of a material uncertainty statement.

STRATEGIC REPORT (continued)**Post balance sheet events, funding, liquidity and going concern (continued)**

The Company's Directors have also obtained a letter of support from the Directors of TGHL to confirm that they intend to provide the Company with sufficient liquidity, should it be necessary, to continue to trade as a going concern for the foreseeable future. With an expectation that any additional funding will be received should it be required, the Directors have a reasonable expectation that the Company can continue in existence for the foreseeable future. Accordingly, they have concluded that it is appropriate to prepare these financial statements on a going concern basis and therefore do not include any adjustments that would result if the Company were unable to continue as a going concern.

Principal risks and uncertainties

Successful management of existing and emerging risks is critical to the long-term success of our Group and to the achievement of our strategic objectives. Some levels of business risk must be accepted to seize market opportunities and achieve these objectives. Risk management is therefore an integral component of the Company's governance and oversight.

The Covid-19 pandemic continues to impact the travel industry as fluctuating case rates and differing global vaccination and testing requirements dampen demand. The Directors continue to monitor developments closely so that swift action can be taken to update policies and procedures in response to the ever-changing situation, with a view to restarting operations at meaningful levels in each business as soon as it is possible to do so.

Set against the evolving macroeconomic global environment and the Covid-19 global pandemic, the principal risks and uncertainties faced by the Company are:

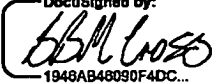
- **Liquidity and cashflow risk.** The current global travel restrictions continue to impact the Company's subsidiaries' ability to deliver much of its core product and generate profitability at pre-pandemic levels. Whilst the exact duration of the travel restrictions is unknown, the current trajectory is positive with a recent relaxation of restrictions in one of its key markets, the UK, and the Directors anticipate further easing over the coming financial year. With shareholder support expected to be available, should it be required and fewer travel restrictions in the future, the Directors are confident the Company will have sufficient liquidity for at least the next twelve months from the date of signing these financial statements.
- **Health and Safety.** Ensuring the health and safety of guests and employees is of paramount importance. The Company is committed to ensuring the health and safety of all of its guests and employees, with health and safety being given the highest profile throughout the organisation and instilled within its businesses' culture. Currently, the immediate risk as operations restart is the risk of transmission of Covid-19 to its customers and employees. The Company strives to mitigate this where it can with policies and procedures in place to reduce transmission. Strict policies and procedures also exist to manage and where possible, mitigate other health and safety risks that its customers may be exposed to while on holiday with the Company. Health and safety incidents could result in reputational damage and financial consequences for the Company and/or one of its brands.
- **Destination disruption.** Tour operators are exposed to the inherent risk of domestic and international incidents affecting operations at those destinations. This includes not only the global travel restrictions caused by Covid-19, but also disruption caused by outbreaks of other diseases, war, political instability and terrorism. Weather events that are exacerbated by climate change may increase the level of disruption in destinations. All of these events, as we saw at the onset of the global pandemic, can cause significant operational disruption and costs to our business. We follow the UK Government's Foreign Office advice in our source markets to minimise the exposure of our customers.
- **Market risk, including customer demand.** The Company relies heavily on the demand from its UK customer base to take experiential and tailor-made holidays. It monitors and assesses its customers' appetite for travel, in particular from continuously changing travel restrictions and vaccination requirements in source and destination markets resulting from the pandemic and increasing prices from higher cost inputs. The Directors monitor prices, costs and booking levels to try and maximise customer demand and financial return.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

- **Fleet delivery risk.** Subsidiary Companies have signed contracts for significant levels of yacht purchases. Whilst the Board expects these purchases to drive profits in the Company, it also gives rise to financial risk (such as lost margins) in the event that delays occur to their scheduled delivery dates or they are not delivered to the contractually agreed standard. The Company monitors and oversees the construction and purchase of these yachts against their planned timetable and is actively engaged with suppliers in respect of delivery dates.
- **Cyber security.** We are responsible for protecting the confidentiality, integrity and availability of the data we have for our guests, employees and suppliers. Failure to ensure we have the appropriate level of information security controls increases the risk that an information security breach is not prevented, detected or adequately remediated. This could result in reputational damage, remediation costs and financial penalties for a breach of data protection legislation. We continuously enhance our information security posture to mitigate the risk.
- **Climate change.** The Directors continue to monitor global climate change developments, with Corporate Sustainability representation at Group level. In the forthcoming year, the Company will be reporting internally on its carbon emissions on a quarterly basis. The risks from climate change to the Company include changing consumer preferences, increased government regulations and operational costs resulting in reduced passenger volume and/or profit margins. Currently, the Directors do not consider there to be any significant risk to operations or asset valuations arising from climate change in the foreseeable future, but will continue to monitor this.
- **Legal and regulatory compliance.** The Company operates across a range of geographies, which exposes us to a range of legal, tax and other regulatory laws, which must be complied with. Failure to comply may result in fines or sanctions from regulatory bodies, such as the Civil Aviation Authority in the UK, which require us to comply with their regulations. Failure to do so could result in the removal of the licence.

On behalf of the Board

DocuSigned by:

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S B M Cross

Director

Company Number 01239190

Dated 25 July 2022

Mariner International Travel (UK) Limited
Reports of the Directors for the year ended 30 September 2021

DIRECTORS' REPORT

Directors

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

P V Y Cochran
S B M Cross
C A Norton (appointed 16 March 2021)
J L Evans (appointed 19 May 2022)

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, liquidity and going concern assessment 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.

Mariner International Travel (UK) Limited

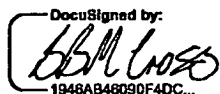
Reports of the Directors for the year ended 30 September 2021

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

DocuSigned by:

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S B M Cross

Director

Company number 01239190

Dated 25 July 2022

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MARINER INTERNATIONAL TRAVEL (UK) LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 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.

We have audited the financial statements of Mariner International Travel (UK) Limited ("the Company") for the year ended 30 September 2021 which comprise the Statement of Total 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 FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report of the directors 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Mariner International Travel (UK) Limited

Statement of total comprehensive income for the year ended 30 September 2021

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Mariner International Travel (UK) Limited

Statement of total comprehensive income for the year ended 30 September 2021

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur.
- Our audit planning identified fraud risks in relation to management override. We considered the processes and controls that the Company has established to address risks identified.
- We designed our audit procedures to detect irregularities, including fraud. Our procedures included journal entry testing, with a focus on large or unusual transactions based on our knowledge of the business, and enquiries with management.
- We have performed audit procedures on management's critical estimates and judgements, assessing for any indications of management bias or fraud in these judgements reached and estimates calculated.

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on 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.

DocuSigned by:
Dominic Stammers
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25 July 2022

Dominic Stammers (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

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 2021**

		Year ended 30 September 2021	Year ended 30 September 2020
	Note	£'000	£'000
Revenue	6	2,249	4,084
Cost of sales		(1,656)	(3,246)
Gross profit		593	838
 Distribution costs		 (868)	 (939)
Administrative expenses - credit		812	46
Other income – Government grants	8	-	9
Profit/(loss) on ordinary activities before taxation	7	537	(46)
 Tax expense	9	 -	 (599)
Profit/(loss) for the financial year attributable to owners of the parent		537	(645)
 Total comprehensive income/(loss) for the year attributable to owners of the parent		 537	 (645)

		30 September 2021 £'000	30 September 2020 £'000
	Note		
Non-current assets			
Trade and other receivables	13	<u>770</u>	<u>-</u>
		770	-
Current assets			
Trade and other receivables	13	<u>634</u>	<u>497</u>
Cash and cash equivalents	14	<u>1,950</u>	<u>180</u>
		2,584	677
Total assets		<u>3,354</u>	<u>677</u>
Current liabilities			
Trade and other payables	15	<u>(22,442)</u>	<u>(20,203)</u>
Non-current liabilities			
Trade and other payables	15	<u>(14)</u>	<u>(113)</u>
Total liabilities		<u>(22,456)</u>	<u>(20,316)</u>
Net liabilities		<u>(19,102)</u>	<u>(19,639)</u>
Equity			
Called up share capital	16	<u>26,666</u>	<u>26,666</u>
Profit and loss account		<u>(45,768)</u>	<u>(46,305)</u>
Total equity attributable to owners of the parent		<u>(19,102)</u>	<u>(19,639)</u>

The notes on pages 13 to 22 form part of these financial statements.

The financial statements on pages 10 to 22 were approved and authorised for issue by the Board of Directors and signed on its behalf by:

DocuSigned by:

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S B M Cross
Director

Company number 01239190

Dated: 25 July 2022

Mariner International Travel (UK) Limited**Statement of changes in equity for the year ended 30 September 2021**

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 October 2019	26,666	(45,660)	(18,994)
Total comprehensive loss for the year	-	(645)	(645)
At 30 September 2020	26,666	(46,305)	(19,639)
Total comprehensive income for the year	-	537	537
At 30 September 2021	<u>26,666</u>	<u>(45,768)</u>	<u>(19,102)</u>

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

The continuing global travel restrictions and requirements caused by Covid-19 have significantly impacted the Company and Group's ability to deliver and operate their core products in the financial year and up to the date of signing these financial statements.

As part of their assessment of going concern, the Company's Directors have considered its funding and liquidity position together with cash flow forecasts of the Company for the period from the date of approval of these financial statements through to 31 July 2023 to determine the appropriateness of preparing the financial statements on a going concern basis. In making their assessment, they have made enquiries to the Directors of the ultimate parent company of the Travelopia Group, namely Travelopia Group Holdings Limited ('TGHL') to obtain an understanding of the actual and forecast liquidity position and funding requirements of the Travelopia Group over the assessment period.

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2. Basis of preparation (continued)

Going concern (continued)

The forecast used in the assessment assumed some recovery of global travel in FY22 with a further recovery in FY23 and beyond. As a result of the actions taken in the last two years to reduce costs, the additional fleet financing taken on and stronger than expected bookings and re-bookings being seen for FY22 and beyond, the Group started FY22 in a strong position and ahead of budgeted expectations. The forecast assumed a slow return to travel, with some recovery assumed in the second half ('H2') of FY22 with the Group's cash low points in the assessment period being expected in the second quarter of FY22. As continued disruption was assumed over the first half of the financial year, neither the Russian/Ukrainian conflict nor the Omicron variant has materially impacted the FY22 outlook as at the date of signing these financial statements.

The global roll out of Covid-19 vaccines and recent commencement of relaxation of some global travel restrictions has improved consumer confidence and while the Omicron variant led to some set back over the first few months of 2022, the Directors consider the current outlook to be positive. Whilst there continues to be some uncertainty around the duration and extent of global travel restrictions, the Directors have been prudent in their planning assumptions. The FY22 forecast takes into account the limited Antarctic operations (Winter 2021/22) for Quark Expeditions, significantly impacted TCS operations and assumes a delayed re-opening of long-haul travel. It also takes into account the strong performance of Yacht sales and charter over Winter 21/22, driven predominantly by US customers travelling to the Caribbean. Even with this set of prudent planning assumptions, the Directors do not anticipate any additional funding from its shareholders will be necessary over the going concern assessment period.

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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, other than where stated.

New standards, amendments and interpretations

The Company has applied the following amendments to existing standards as follows:

Amendments to IAS 1 and IAS 8 on the definition of material

The amendments: i) use a consistent definition of materiality throughout IFRSs; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information. As this amendment is providing clarification of a definition intended to improve disclosures, this has not impacted the Company's results or disclosures in either financial year.

Other new amendments

The amendments to IFRS 3 – Definition of a business and to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform – Phase 1 have not had any impact on the Company's results in the current or previous financial year.

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.

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. Cash and cash equivalents include cash balances that are held in the Group's cash pooling header company where this cash is immediately available for use and for which there is no restriction over its access.

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.

3. Summary of significant accounting policies (continued)

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. Included within the payments received on account balance is amounts received from customers where the holiday had been cancelled and a refund agreed prior to year-end, however this has not been separated out from the payments received on account balance due to the total agreed refunds being immaterial.

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.

Government grants

Government grants are recognised in the income statements as other income on a systematic basis over the period in which the related costs towards which they are intended to compensate are recognised as expenses, providing that the company has complied with all conditions attached and that the grant has either been received, or is receivable.

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 Travelopia Group Holdings Limited, as defined by FRS 100, as the results of this Company are fully consolidated into the Group financial statements of Tim Midco Limited. Details for obtaining the Group financial statements of Tim Midco Limited can be found in Note 17. 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. Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are material to the carrying value of assets, liabilities and total comprehensive income for the year are disclosed as follows:

a) Expected credit losses on amounts due from Group undertakings

At 30 September 2021, the Company recognised £221,000 (2020: £224,000) of amounts due from Group undertakings. IFRS 9 requires the Directors to assess whether the credit risk on a financial asset has increased significantly since initial recognition, as well as the expected credit losses from that financial asset, both of which require significant judgement. In undertaking this assessment, the Directors of the Company have had regard for the matters outlined in Note 2 of these financial statements and have obtained a letter of support from Travelopia Group Holdings Limited confirming its intention to provide sufficient financial support to enable fellow Group subsidiaries to repay amounts due to the Company as they fall due. Following this assessment, the Directors have estimated the expected credit losses in respect of these amounts to be £nil (2020: £nil) and are thus satisfied that no impairment charge is required to be recognised in the income statement.

b) Cash and cash equivalents

The Company is party to the Group's zero balancing cash pooling facilities whereby the Company's Sterling, USD and Euro cash balances are swept to nil daily into a bank account of Travelopia Central Operations Limited, which acts as the cash pool header company. At 30 September 2021, the cash balances held in the pooled account of Travelopia Central Operations Limited was £1,939,000 (2020: £20,000). Judgement has been required to determine whether this balance meets the definition of cash and cash equivalents, or whether the balances should be presented as amounts due from a fellow Group subsidiary. The Directors consider that in view of the nature of the pooling facilities and the immediate and unrestricted access to this balance, the definition of cash and cash equivalents has been met.

6. Revenue

All revenue generated in the current and previous financial years arose in the United Kingdom.

7. Profit/(loss) on ordinary activities before taxation

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Profit/(loss) on ordinary activities before taxation is stated after (crediting)/charging:		
Foreign exchange gains	(950)	(214)
Administrative expenses – exceptional	51	93

The exceptional charge in 2021 and 2020 relates to costs incurred in the closure of the Group's base in Turkey, which was previously operated by the company.

In the financial years ended 30 September 2021 and 30 September 2020, audit fees have been incurred by the Company's parent company and an amount has been included within the management charge for this service. It has not been possible to identify the portion of the management charge that relates to audit fees.

Mariner International Travel (UK) Limited**Notes to the financial statements for the year ended 30 September 2021****8. Employees and Directors**

Employee costs for the Company during the year were:

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Wages and salaries	525	544
Social security costs	38	59
Other pension costs	13	13
	<u>576</u>	<u>616</u>

In respect of the employee costs above, the associated Government Grant furlough income was

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
	-	9

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

	Year ended 30 September 2021 Number	Year ended 30 September 2020 Number
Marketing and Distribution	<u>15</u>	<u>19</u>

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 (2020: £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 2021 £'000	Year ended 30 September 2020 £'000
Current tax:		
Group relief surrendered to fellow subsidiaries	-	(8)
Total current tax	<u>-</u>	<u>(8)</u>
Deferred tax:		
Origination and reversal of temporary differences:		
- current year	-	678
- effect of change in tax rate	-	(71)
Total deferred tax (note 12)	<u>-</u>	<u>607</u>
Total tax expense in the statement of total comprehensive income	<u>-</u>	<u>599</u>

Mariner International Travel (UK) Limited**Notes to the financial statements for the year ended 30 September 2021****9. Tax expense (continued)****(ii) Factors affecting the tax expense in the year**

The tax expense (2020: expense) for the year ended 30 September 2021 is less than (2020: higher than) the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%). The differences are shown in the table below:

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Profit/(loss) on ordinary activities before taxation	537	(46)
Profit/(loss) on ordinary activities multiplied by the effective standard rate of UK corporation tax of 19.0% (2020: 19.0%)	102	(9)
Effects of:		
- Expenses not deductible for tax purposes	1	-
- Effect of reduction in UK corporation tax rate	-	(71)
- (Utilisation of brought forward losses)/Deferred tax not recognised	(103)	679
Total tax expense in the statement of total comprehensive income	-	599

(iii) Factors affecting the future tax charge

In May 2021, the UK Government's proposed increase in the main rate of UK corporation tax from 19% to 25% from 1 April 2023 was substantively enacted. As a result, deferred tax assets and liabilities have been calculated at the new rate.

10. Property, plant and equipment

	Office furniture and equipment £'000
Cost:	
At 1 October 2020 and 30 September 2021	3
Accumulated depreciation:	
At 1 October 2020 and 30 September 2021	3
Net book value:	
At 30 September 2020 and 30 September 2021	-

Mariner International Travel (UK) Limited**Notes to the financial statements for the year ended 30 September 2021****11. Investments in subsidiaries**

**Investments
in subsidiary
undertakings
£'000**

Cost:

At 1 October 2020 and 30 September 2021

12**Impairment:**

At 1 October 2020 and 30 September 2021

12**Net book value:**

At 30 September 2020 and 30 September 2021

-**List of investments in subsidiaries at 30 September 2021:**

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

12. Deferred tax assets

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

**Depreciation
in excess of
capital
allowances
£'000**

Deferred tax assets

At 1 October 2019

607

Charged to the statement of total comprehensive income

(607)

At 30 September 2020

-

A deferred tax asset has not been recognised, the amount in respect of trading losses is £4,935,000 (2020: £3,853,000) and in respect of fixed asset temporary differences is £893,000 (2020: £679,000). There is insufficient evidence that the assets will be recovered. The assets would be recovered if there were suitable taxable profits in the future against which to utilise them.

There are no other unrecognised deferred tax assets or un-provided deferred tax liabilities at either 30 September 2021 or 30 September 2020.

13. Trade and other receivables

	30 September 2021		30 September 2020	
	Non-current £'000	Current £'000	Non-current £'000	Current £'000
Due from Group undertakings	-	221	-	224
Trade receivables	-	4	-	4
Other receivables	770	113	-	92
Prepayments and accrued income	-	296	-	177
	770	634	-	497

Amounts due from Group undertakings

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

Mariner International Travel (UK) Limited**Notes to the financial statements for the year ended 30 September 2021****14. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank	1,950,000	180,000
	<u>1,950,000</u>	<u>180,000</u>

Included within the cash at bank balance of £1,950,000 (2020: £180,000) is an amount of £1,939,000 (2020: £20,000) that is held on behalf of the Company in the bank account of Travelopia Central Operations Limited, which acts as the Company's cash pool header company.

15. Trade and other payables

	30 September 2021		30 September 2020	
	Non-current £'000	Current £'000	Non-current £'000	Current £'000
Trade payables	-	42	-	39
Other payables	-	10	-	43
Income tax – group relief payable	-	-	-	4
Due to Group undertakings	-	18,073	-	16,443
Payments received on account	14	4,131	113	3,535
Accruals and deferred income	-	186	-	139
	<u>14</u>	<u>22,442</u>	<u>113</u>	<u>20,203</u>

Amounts due to Group undertakings

In 2020 and 2021 amounts due to Group undertakings are unsecured and are repayable upon demand.

16. Called up share capital

	30 September 2021 £'000	30 September 2020 £'000
Issued and fully paid		
533,327,956 (2020: 533,327,956) ordinary shares of £0.05 each	<u>26,666</u>	<u>26,666</u>

17. 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 Company in which the results of the Company are consolidated is that headed by TIM Midco Limited and the largest Company in which the results of the Company are consolidated is that headed by Travelopia Group Holdings Limited. Copies of the Tim Midco Limited and Travelopia Group Holdings 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.