Mariner International Travel (UK) Limited

Reports of the Directors and financial statements
for the year ended 30 September 2020
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 2020. The Company is a wholly owned subsidiary within the Travelopia Group of companies ("the Group"), headed in the UK by Travelopia Group Holdings Limited (previously named Tim Intermediateco Limited until 30 April 2020).

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 2020 £'000	Year ended 30 September 2019 £'000
Revenue	**4,084**	11,119
(Loss)/profit on ordinary activities before taxation	**(46)**	322
Net liabilities	**(19,639)**	(18,994)

No dividends were paid during the year (2019: £nil) and the Directors are unable to recommend the payment of a final dividend.

The Company's gross profit was £838,000 (2019: £2,409,000). The decrease in revenue of £7,035,000 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 2020 £'000	Year ended 30 September 2019 £'000
(Loss)/profit on ordinary activities before interest and taxation	**(46)**	322
Add back: provision against intercompany balance with Hellas Mepe	**-**	9
Add back: fees relating to closure of Turkish base	**74**	115
Operating profit excluding exceptional items	**28**	446

The exceptional charges in 2020 and 2019 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 2020, the company has net liabilities of £19,639,000 (2019: £18,994,000).

The rapid global spread of Covid-19 from early March 2020 resulted in global travel restrictions which significantly impacted the Company's and our supplier's ability to deliver and operate its core products in the year ended 30 September 2020 financial year and up until the date of signing these financial statements.

As part of their assessment of going concern, the Directors of the Company considered the funding and liquidity position of the Company, together with cash flow forecasts of the Company, details of which are set out in Note 2.

In concluding on going concern, the Directors have considered the prospects of the Company in the context of the Company's ownership structure within the Group, as well as the Group's available banking facilities. Travelopia Group Holdings Limited ('TGHL') has agreed to provide financial support to the Company in order that it can continue to trade and meet its liabilities as they fall due.

STRATEGIC REPORT (continued)

On 4 May 2020, the Directors of the Group obtained a covenant testing holiday from its Senior Lenders for a period of four financial quarters commencing on and including 30 June 2020 in relation to its Net Debt:Adjusted EBITDA ratio covenant ('net debt covenant'). A minimum liquidity covenant was instead put in place for the period of the net debt covenant holiday and this covenant has subsequently been satisfied. Given the ongoing disruption to travel in 2021, an extension to the net debt covenant holiday will be necessary into FY22 and it is expected that the period that the minimum liquidity covenant is in place will be extended accordingly. At the date of signing these financial statements, the Directors have successfully obtained an extension of the net debt covenant test for one quarter to 30 September 2021. A request for a further and longer extension into FY22 will be pursued by the Directors by this date. However, based on the medium and longer term outlook for the Group and strength of its relationship with its Senior Lenders, the Directors of TGHL have a reasonable expectation that a further extension of the net debt covenant holiday will be agreed.

Should the Travelopia Group require additional liquidity to meet its liquidity covenant, its Directors could also seek additional funding from its ultimate parent. Throughout the pandemic and up until the date of signing these financial statements, the Group has not required additional shareholder funding.

Since these matters are ongoing at the date of signing these financial statements, there are possible scenarios where alternative or additional funding could be required by TGHL that is not yet committed. As such, TGHL may not be in a position to continue to provide the support required. As a result, there is a material uncertainty in respect of the ability of the Company to continue as a going concern – refer to Note 2 for further details.

The Directors of the Company and the Group remain confident that with i) a return of some international travel in 2021 as a result of global vaccination programs; ii) the expectation of an extension of the net debt covenant test holiday; iii) the ability to seek additional funding from its owners; the Company and the Group will have the liquidity and mitigation plans available such that it can continue through the pandemic.

Following this assessment, the Directors have a reasonable expectation that the Company has sufficient financial resources to 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 Company 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 global pandemic continues to evolve and as has been demonstrated, can have a dramatic impact on operations in a very short period of time. The continued positive news on the global vaccination programmes will, the Directors believe, undoubtedly reduce the length of time that global travel restrictions and social distancing measures will be in place for. The Directors continue to monitor developments closely so that swift action can be taken to update policies and procedures in response to the changing situation, with a view to restarting operations as soon as it is safe to do so.

Brexit negotiations have been largely concluded by the end of December 2020, and the successful trade agreement reached with the European Union helps reduce the risk of severe disruption that the travel industry may have faced in 2021, whether this be to customer demand, restrictions on travel or tax and other laws. Whilst there remains some uncertainties in respect of the outcomes reached, the overall risk to the Company from Brexit has diminished significantly as from 1 January 2021.

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

- **Liquidity and cashflow risk.** The current global travel restrictions impact the Company's ability to operate and deliver its core products and thus generate revenues. As the duration of such restrictions is currently unknown, there is a risk that if global travel restrictions do not ease within anticipated timeframes then this may have an impact as described in Note 2 of these financial statements.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

- **Health and Safety.** Ensuring the health and safety of customers is of paramount importance. There is a risk of illness or accidents occurring causing injury or death to customers or employees whilst on one of our holidays, whether this arises as a result of Covid-19 or accidents. The Company strives to mitigate this where it can with policies and procedures in place to reduce transmission and accidents, but it is acknowledged it is impossible to guarantee our guests a Covid-19 free holiday. Incidents could potentially result in reputations damage to the Company. Insurance policies are in place where practicable in the event that incidents occur, but these cannot cover the health risk caused by Covid-19. The Company is committed to ensuring the health and safety of all of its guests and employees, with health and safety being given to highest profile throughout the company, instilled within our culture and shared with our guests.

- **Destination disruption risk.** Providers of holidays 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 natural catastrophes such as Hurricane Irma in September 2017 and Hurricane Dorian in September 2019, both of which have continued to impact the Group operationally and financially during this financial year. Destination disruption can also include outbreaks of other diseases, war, political instability and terrorism. 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.

- **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.

- **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.

- **IT development and strategy.** Online reservation systems, websites and platforms form a significant part of the Company's ability to build, develop and sell its products. This would be temporarily disrupted by a technology failure or slowdown. We continue to upgrade and/or overhaul existing technologies and invest in new technologies to improve their resilience and to enhance the Company's products and services. Failure to successfully implement new IT systems may impact our competitiveness, quality of customer experience and operational efficiency. This could be detrimental to the Company's profitability, in terms of lost bookings, cash outflows and asset impairments.

- **Legal & regulatory compliance.** The Company operates across a range of geographies, which exposes us to a range of local, 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.

- **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.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

- **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 systems to mitigate the risk.
- **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.

On behalf of the Board

S B M Cross
Director

Company Number 01239190 Dated 30/6/21

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
O R Goodarzi (resigned 16 March 2021)
C A Norton (appointed 16 March 2021)

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.

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 30/6/21

Opinion

We have audited the financial statements of Mariner International Travel (UK) Limited ("the Company") for the year ended 30 September 2020 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2 to the financial statements, which indicates that the company is reliant on support from Travelopia Group Holdings Limited and that there are scenarios in which this support may not be available. As stated in note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

DocuSigned by:
Dominic Stammers
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Dominic Stammers (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date 30 June 2021

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

	Note	**Year ended 30 September 2020 £'000**	Year ended 30 September 2019 £'000
Revenue	6	**4,084**	11,119
Cost of sales		**(3,246)**	(8,710)
Gross profit		**838**	2,409
Distribution costs		**(939)**	(1,211)
Administrative expenses		**46**	(876)
Other Income – Government grants	8	**9**	-
(Loss)/profit on ordinary activities before taxation	7	**(46)**	322
Tax (expense)/credit	9	**(599)**	15
(Loss)/profit for the financial year attributable to owners of the parent		**(645)**	337
Total comprehensive (loss)/profit for the year attributable to owners of the parent		**(645)**	337

	Note	**30 September 2020 £'000**	30 September 2019 £'000
Non-current assets			
Intangible assets	10	-	1
Deferred tax assets	13	-	607
		-	608
Current assets			
Trade and other receivables	14	**497**	634
Cash and cash equivalents		**180**	634
		677	1,268
Total assets		**677**	1,876
Current liabilities			
Trade and other payables	15	**(20,203)**	(20,849)
Non-current liabilities			
Trade and other payables	15	**(113)**	(21)
Total liabilities		**(20,316)**	(20,870)
Net liabilities		**(19,639)**	(18,994)
Equity			
Called up share capital	16	**26,666**	26,666
Profit and loss account		**(46,305)**	(45,660)
Total equity attributable to owners of the parent		**(19,639)**	(18,994)

The notes on pages 12 to 22 form part of these financial statements.

The financial statements on pages 9 to 22 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 30/6/21

Mariner International Travel (UK) Limited
Statement of changes in equity for the year ended 30 September 2020

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 October 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)
Total comprehensive loss for the year	-	(645)	(645)
At 30 September 2020	**26,666**	**(46,305)**	**(19,639)**

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 rapid global escalation of Covid-19 from early March 2020 resulted in global travel restrictions which significantly impacted the Company's and our suppliers' ability to deliver and operate its core products in the year ended 30 September 2020 and up until the date of signing these financial statements.

As part of their assessment of going concern, the Directors of the Company have considered the 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 30 September 2022 to determine the appropriateness of preparing the financial statements on a going concern basis.

At 30 September 2020, the Company had £19,639,000 (2019: £18,994,000) of net liabilities, including £180,000 (2019: £634,000) of cash balances. At the date of signing these financial statements, the Company's net cash balance was approximately £600,000. As a result of the continuing global travel restrictions, the Company may become reliant upon TGHL to continue to trade. TGHL has agreed to provide financial support to the Company for the foreseeable future in order that it can continue to trade and meet its liabilities as they fall due. The Directors of the Company have then made enquiries of TGHL's directors as part of the going concern assessment.

The Group continues to use external debt financing as part of a balanced capital structure, including a £100m term loan and £78m revolving credit facilities, both of which are fully drawn. The maturity dates of the 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 covenant testing holiday from its Senior Lenders for a period of four financial quarters commencing on and including 30 June 2020 in relation to its Net Debt:Adjusted EBITDA ratio covenant ('net debt covenant'). A minimum liquidity covenant was instead put in place for the period of the net debt covenant holiday and this covenant has subsequently been satisfied. Given the ongoing disruption to travel in 2021, an extension to the net debt covenant holiday will be necessary into FY22 and it is expected that the period that the minimum liquidity covenant is in place will be extended accordingly. At the date of signing these financial statements, the Directors have successfully obtained an extension of the net debt covenant test for one quarter to 30 September 2021. A request for a further and longer extension into FY22 will be pursued by the Directors by this date. However, based on the medium and longer term outlook for the Group and strength of its relationship with its Senior Lenders, the Directors of TGHL have a reasonable expectation that a further extension of the net debt covenant holiday will be agreed.

Should the Travelopia Group require additional liquidity at any time, its Directors could also request additional funding from its ultimate parent. However, since the Group has not required additional funding throughout the pandemic and up to the date of signing these financial statements, this request has not needed to be made.

2. Basis of preparation (continued)

Going concern (continued)

Since these matters are ongoing at the date of signing these financial statements, there are possible scenarios where alternative or additional financing could be required by TGHL that is not yet committed. As such, TGHL may not be in a position to conclude to provide the support required. As a result, there is a material uncertainty in respect of the ability of the Company to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. These financial statements do not include the adjustments that would be necessary should the going concern basis of preparation no longer be appropriate.

The Directors of the Company and the Group remain confident that with i) a return of some international travel in 2021 as a result of global vaccination programs; ii) the expectation of an extension of the net debt covenant test holiday; iii) the ability to seek additional funding from its owners; the Company and the Group will have the liquidity and mitigation plans available such that it can continue through the pandemic.

Following this assessment, the Directors have a reasonable expectation that the Company has sufficient financial resources to 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.

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 applied IFRIC 23 for the first time. The nature and effect of the changes as a result of the adoption of this new accounting standard is described below.

IFRIC 23 'Uncertainty over income tax treatments'

The IFRIC clarifies the recognition and measurement of IAS 12 'Income taxes' when there is uncertainty over the tax treatment until such time that the relevant tax authority or court takes a decision in the future. Consequently, a dispute or examination of a particular tax treatment may affect a company's accounting for a current or deferred tax asset or liability. This IFRIC has not had a material impact on the accounting for uncertain tax treatments at the date of adoption at 1 October 2019.

3. Summary of significant accounting policies (continued)

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.

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. 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.

3. Summary of significant accounting policies (continued)

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 Travelopia Group Holdings Limited. Details for obtaining the Group financial statements of Travelopia Group Holdings 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) Taxation

At 30 September 2020, the Company has recognised deferred tax assets on deductible temporary differences of £nil (2019: £607,000). Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Significant judgement is required to determine this probability, with a requirement that it is 'more likely than not' to recognise the asset. In undertaking this assessment, the Directors have considered: the losses incurred in the current financial year and in that of the previous year, and those expected in the coming financial year ending 30 September 2021; an expectation of a return to travel later in 2021; and the prospects for future taxable profits from 2022 when travel has returned.

b) Expected credit losses on amounts due from Group undertakings

At 30 September 2020, the Company recognised £224,000 (2019: £232,000) 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 (2019: £nil) and are thus satisfied that no impairment charge is required to be recognised in the income statement.

6. Revenue

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

7. (Loss)/profit on ordinary activities before taxation

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
(Loss)/profit on ordinary activities before taxation is stated after (crediting)/charging:		
Foreign exchange (gains)/losses	**(214)**	154
Administrative expenses – exceptional	**93**	124

The exceptional charge in 2020 and 2019 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.

In the financial year ended 30 September 2019, fees incurred for the audit of the Company's financial statements was £32,000. In the financial year ended 30 September 2020, these 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.

8. Employees and Directors

Employee costs for the Company during the year were:

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Wages and salaries	**544**	666
Social security costs	**59**	63
Other pension costs	**13**	17
	616	746

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
In respect of the employee costs above, the associated Government Grant furlough income was	**9**	-

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

	Year ended 30 September 2020 Number	Year ended 30 September 2019 Number
Marketing and Distribution	**19**	21

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 (2019: £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/(credit) can be summarised as follows:

(i) Analysis of tax expense/(credit) in the year

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Current tax:		
Group relief surrendered to fellow subsidiaries	**(8)**	-
Adjustment in respect of prior periods	**-**	(14)
Total current tax	**(8)**	(14)
Deferred tax:		
Origination and reversal of temporary differences:		
- current year	**678**	(1)
- effect of change in tax rate	**(71)**	-
Total deferred tax (Note 12)	**607**	(1)
Total tax expense/(credit) in the statement of total comprehensive income	**599**	(15)

9. Tax expense (continued)

(ii) Factors affecting the tax expense/(credit) in the year
The tax expense (2019: credit) for the year ended 30 September 2020 is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%). The differences are shown in the table below:

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
(Loss)/profit on ordinary activities before taxation	**(46)**	322
(Loss)/profit on ordinary activities multiplied by the effective standard rate of UK corporation tax of 19.0% (2019: 19.0%)	**(9)**	61
Effects of:		
- Prior year losses utilised against current year profits	-	(64)
- Expenses not deductible for tax purposes	-	2
- Effect of reduction in UK corporation tax rate	**(71)**	-
- Deferred tax not recognised	**679**	-
- Adjustment to tax charge in respect of previous periods	-	(14)
Total tax expense/(credit) in the statement of total comprehensive income	**599**	(15)

Under Finance Act 2016, the main rate of UK corporation tax was due to reduce from 19% to 17% on 1 April 2020. Accordingly, deferred taxes were recognised at 17% in the financial statements for the year ended 30 September 2019. However, changes to the UK corporation tax rates were substantively enacted on 17 March 2020 under the Provisional Collection of Taxes Act 1968. These changes included the cancellation of the reduction in the main rate, such that the rate would remain at 19% from 1 April 2020. As a result, in these financial statements deferred taxes have been measured using the rate of 19%.

(iii) Factors affecting the future tax charge
In March 2021, the UK Chancellor of the Exchequer announced that he intends to increase the main rate of UK corporation tax to 25% from 1 April 2023. As the proposed changes had not been substantively enacted at the balance sheet date, the measurement of deferred taxes in these financial statements is unaffected by the announcement.

10. Intangible assets

	Software in development £'000
Cost:	
At 1 October 2019	1
Disposal	(1)
At 30 September 2020	-
Accumulated amortisation:	
At 1 October 2019 and 30 September 2020	-
Net book value:	
At 30 September 2020	-
At 30 September 2019	1

11. Property, plant and equipment

	Office furniture and equipment £'000
Cost:	
At 1 October 2019 and 30 September 2020	3
Accumulated depreciation:	
At 1 October 2019 and 30 September 2020	3
Net book value:	
At 30 September 2019 and 30 September 2020	-

12. Investments in subsidiaries

	Investments in subsidiary undertakings £'000
Cost:	
At 1 October 2019 and 30 September 2020	12
Impairment:	
At 1 October 2019 and 30 September 2020	12
Net book value:	
At 30 September 2019 and 30 September 2020	-

List of investments in subsidiaries at 30 September 2020:

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 2020 £'000	30 September 2019 £'000
Depreciation in excess of capital allowances	-	607

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.

13. Deferred tax assets (continued)

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 2018	606
Credited to the statement of total comprehensive income	1
At 30 September 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 £3,853,000 (2019: £3,448,000) and in respect of fixed asset temporary differences is £679,000 (2019: asset of £607,000 recognised). 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 2020 or 30 September 2019.

14. Trade and other receivables

	30 September 2020 £'000	30 September 2019 £'000
Amounts due from Group undertakings	**224**	232
Income tax – group relief receivable	**-**	-
Trade receivables	**4**	-
Other receivables	**92**	23
Prepayments and accrued income	**177**	379
	497	634

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 2020		30 September 2019	
	Non-current £'000	**Current £'000**	Non-current £'000	Current £'000
Trade payables	**-**	**39**	-	67
Other payable	**-**	**43**	-	-
Income tax – group relief payable	**-**	**4**	-	12
Amounts due to Group undertakings	**-**	**16,443**	-	17,948
Payments received on account	**113**	**3,535**	21	2,362
Accruals and deferred income	**-**	**139**	-	460
	113	**20,203**	21	20,849

Amounts due to Group undertakings
Amounts due to Group undertakings are unsecured and are repayable upon demand. In 2020, no amounts due to Group undertakings bore interest.

16. Called up share capital

	30 September 2020 £'000	30 September 2019 £'000
Issued and fully paid		
533,327,956 (2019: 533,327,956) ordinary shares of £0.05 each	**26,666**	26,666

17. Contingent liabilities

The Company continues to provide 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 2020, the total liability for which the Company is a cross guarantor amounted to £23.5m (2019: £3.7m).

18. 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 Travelopia Group Holdings Limited. Copies of the 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.