

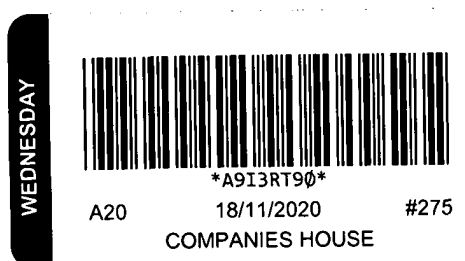
# **Journey Latin America Limited**

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 01474705



# **Journey Latin America Limited**

## **Company Information**

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<b>Directors</b>	D Jones M Quinlisk F Torrilla
<b>Company secretary</b>	B Lennartson
<b>Registered number</b>	01474705
<b>Registered office</b>	401 King Street London England W6 9NJ
<b>Independent auditors</b>	PricewaterhouseCoopers LLP The Portland Building 25 High Street Crawley RH10 1BG

# **Journey Latin America Limited**

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# **Journey Latin America Limited**

## **Strategic Report For the Year Ended 31 December 2019**

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The directors present their report and the audited financial statements for the year ended 31 December 2019.

### **Business activity and objectives**

The Company's principal activity is that of a tour operator and its objective is to provide a first class delivery of a wide portfolio of tailor-made and escorted group tour holiday packages to Latin America.

The Company is part of the DER Touristik UK Limited Group ('the Group').

### **Business review and future developments**

The Company's turnover was £17,719,931 for the year (16 month period to 31 December 2018: £21,805,968).

The year to 31 December 2018 was a 16-month period. On a like-for-like basis, turnover in 2019 increased by 8% on 2018. This was due to steady demand for tailor-made holidays and private journeys across a number of the Company's key destinations, particularly Argentina, Chile and Peru.

The Company achieved a modest increase in overall gross margin, whilst increased efficiencies contributed to a 22% increase in turnover per employee.

Trading conditions remained challenging throughout the year as the Brexit process dominated news headlines, creating significant uncertainty and denting consumer confidence. It is anticipated that demand will continue to be affected whilst the future relationship is negotiated and clarified. The final months of 2019 saw political unrest across a number of Latin American countries, and the FCO briefly advised against all but essential travel to Chile, Bolivia and Ecuador. Conditions have since calmed and normal travel resumed. Nevertheless, the Company remains alert to the possibility of further volatility ahead. A growing focus on climate change and the carbon costs of air travel have the potential to further affect consumer demand. The Company has long supported the principles of sustainable travel and will continue to develop products with the potential to bring social, economic and environmental benefits to host communities. Interest in travel to Latin America remains strong and the Company believes it is well placed to satisfy customer aspirations.

At the reporting date, the Company had net assets of £3,594,520 (2018: £2,937,727).

Subsequent to the year end, the Coronavirus has had a material impact on the Company profitability and financial position, more details of which are in a later section of this review.

# **Journey Latin America Limited**

## **Strategic Report (continued) For the Year Ended 31 December 2019**

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### **Coronavirus Impact**

The directors are monitoring the COVID-19 pandemic very closely, and are reacting as the situation evolves.

Since the 18th of March, the FCO has advised against all but essential outbound travel until further notice, which of course is having a material impact on the operation of the business.

Following this announcement, the Company undertook a significant repatriation exercise for all its customers to bring them back to the UK as quickly and as safely as possible. The Company continues to be restricted on where it can send its customers on holidays, so is working closely with those customers affected to either rebook to a future date or provide them with a refund.

At the time of writing, 14 day inbound quarantine restrictions still exist on most key long haul destinations with only speculative information available on which further destinations might open up and when. A number of short haul European countries are more freely available for outbound travel, but interest is still severely curtailed, as customers remain nervous about the travel experience. Significant uncertainty remains on how customer travel trends will change, and this will likely differ across different demographics of customer.

With a normal travel market not expected to return until at least 2022, the Company has a significant period of uncertainty ahead. Whilst it is difficult at this stage to quantify the full financial impact of the outbreak, it is currently, and will undoubtedly continue to, have an impact on the Company's financial performance and position in 2020 (and likely 2021), which the directors are looking to mitigate through cost reduction initiatives.

The Company is well placed financially to weather the storm, benefitting from the backing of its ultimate parent, the REWE Group, and remains positive that it will exit this situation even stronger than when it went in to it.

### **Principal risks and uncertainties**

The current COVID-19 pandemic has highlighted the impact a global health emergency can have on the business. While the current outbreak is significantly more far reaching than the geographically localised Sars and Ebola outbreaks in previous years it has demonstrated the reliance the business places on the wider global health situation and the impact this has on the ability for movement of tourists around the world. The business can respond to localised outbreaks by re-directing customers however any further global pandemics would continue to have a significant impact on the ability of the business to trade effectively.

Outside of the significant risk relating to COVID-19, a corporate policy for managing risks is followed which involves regular disclosure covering all aspects of the business, including safety, environmental, legal, financial and employees. Any material risks are evaluated and disclosed as they arise, and these are tracked and monitored until the risk is mitigated. The Company operates in a favourable liquidity position, whereby all cash is received prior to related costs being settled. Furthermore, the Company does not bear much credit risk as debts are settled pre-departure.

The decision to exit the European Union has led to some unknowns. In the short term there may be some impact to the business as uncertainty over the future relationship leads some customers to postpone their travel plans or adjust their spending patterns. However, we do not expect there to be any changes or additional barriers to the travel requirements for UK travellers visiting Latin America.

Geographic and political risks are mitigated where possible by having a wide and diverse range of destinations. The Company works to Group guidelines in hedging exposure to currency to ensure the risk of adverse currency fluctuations is at a minimum.

# Journey Latin America Limited

## Strategic Report (continued) For the Year Ended 31 December 2019

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### Key performance indicators

The main key performance indicators used in managing the performance of the Company include revenues and margin. These are monitored on a weekly basis for each product against prior year actuals and the current year budget.

	31 December 2019 £	16 month period to 31 December 2018 £
Revenue	17,719,931	21,805,968
Gross profit margin	23.6%	22.9%

### Results

The Company's results are shown within the Directors' Report.

This report was approved by the board on 29 July 2020 and signed on its behalf.



**F Torrilla**  
Director

# **Journey Latin America Limited**

## **Directors' Report For the Year Ended 31 December 2019**

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The directors present their report and the audited financial statements for the year ended 31 December 2019.

### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.

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.

### **Principal activity**

The Company's principal activity as a tour operator continued during the year.

### **Results and dividends**

The profit for the year, after taxation, amounted to £736,975 (16 month period to 31 December 2018 : loss £233,859).

The directors do not recommend payment of a dividend (16 month period to 31 December 2018: £104,898).

### **Going concern**

The Company is in a net current assets position, and although it has sufficient financial resources to pay its liabilities for a period after the Balance Sheet date, due to the COVID-19 pandemic, it will require support from the ultimate parent company, REWE ZentralFinanz EG which has provided the Company with an undertaking that, for at least 12 months from the date of approval of these financial statements, if required, it will provide financial support to ensure that the Company is able to meet its current and future obligations.

Having taken action to assess whether they can rely on the support being provided by the ultimate parent undertaking, the directors believe that with this support, the Company is well placed to manage its business risks successfully and navigate the COVID-19 crisis. Thus, they continue to adopt the going concern basis in preparing the annual Financial Statements.

# **Journey Latin America Limited**

## **Directors' Report (continued) For the Year Ended 31 December 2019**

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### **Directors**

The directors who served during the year were:

D Jones  
M Quinlisk  
F Torrilla

### **Charitable donations and political contributions**

The Company made charitable contributions of £637 during the year ended 31 December 2019 (16 month period to 31 December 2018: £322). No political contributions were made in the year (16 month period to 31 December 2018: £Nil).

### **Future developments**

Please refer to the Strategic Report business review for an overview on the future developments of the Company.

### **Financial risk management**

#### *Currency risk*

The functional currency of the Company is Sterling however the Company undertakes transactions in other currencies, principally US Dollars, with a small amount of Euro exposure. The Company's objective is to minimise the risk associated with foreign currencies and it does so through the use of hedging through the medium of forward rate contracts. Within the Group structure there is a currency committee who meet to evaluate the foreign exchange and currency risk regularly and are best placed to mitigate this risk across the Group.

#### *Price risk*

The Company has no equity investments, and therefore has no exposure to price risk.

#### *Credit risk*

The Company's principal financial asset is cash. The Company minimises credit risk by ensuring that customer bookings are paid for in advance of departure. In the event of a customer default the Company is able to cancel bookings at minimum/zero cost with airlines and hoteliers. The Company is also protected through ABTA.

All cash is held by banks with high credit ratings assigned by international credit rating agencies.

#### *Liquidity risk*

The directors and management consider liquidity risk to be low. The Company has no external financing facilities and has appropriate cash reserves to meet its liabilities as they fall due. The Company also has the support of its ultimate parent REWE ZentralFinanz eG. The Group manages its available liquid resources through a Group cash pool arrangement with a fellow group company REWE International Finance B.V.

### **Research and development activities**

The Company did not undertake research and development expenditure in the year.



# **Journey Latin America Limited**

## **Directors' Report (continued) For the Year Ended 31 December 2019**

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### **Engagement with employees**

The Company is an equal opportunities employer and all applications are treated on merit, regardless of sex, disability, religious belief, marital status, colour, race or ethnic origins. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Company continues and that appropriate training is arranged. The training, career development and promotion of disabled persons are, as far as possible, consistent with that of other employees.

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through regular staff involvement in departmental meetings and also through the medium of Internal communication through the Company's internal PR team.

### **Qualifying third party indemnity provisions**

The Group has qualifying third party indemnity provisions in place for three statutory directors during the year and at the date of approval of the Directors' Report.

### **Existence of branches outside of the UK**

The Company does not have any branches outside the UK as defined in section 1046 (3) of the Companies Act 2006.

### **Statement of disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Post balance sheet events**

At the date of approval of these financial statements, COVID-19 continues to spread internationally, contributing to a sharp decline in global financial markets and a significant decrease in global economic activity, which is significantly impacting the travel industry.

At the time of writing, 14 day inbound quarantine restrictions still exist on most key long haul destinations with only speculative information available on which further destinations might open up and when. A number of short haul European countries are more freely available for outbound travel, but interest is still severely curtailed, as customers remain nervous about the travel experience. Significant uncertainty remains on how customer travel trends will change, and this will likely differ across different demographics of customer.

The directors expect the outbreak to have a continued impact on operations of the business for a sustained period after the Balance Sheet date, and are taking actions to mitigate these effects as much as possible.

# Journey Latin America Limited

## Directors' Report (continued) For the Year Ended 31 December 2019

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### Independent auditors

As a result of a group wide tender, KPMG LLP will be appointed in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 JULY 2020 and signed on its behalf.



**F Torrilla**  
Director

# **Journey Latin America Limited**

## **Independent Auditors' Report to the members of Journey Latin America Limited**

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### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Journey Latin America Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

# **Journey Latin America Limited**

## **Independent Auditors' Report to the members of Journey Latin America Limited (continued)**

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

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 year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

#### *Auditors' 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 auditors' 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 on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

# **Journey Latin America Limited**

## **Independent Auditors' Report to the members of Journey Latin America Limited (continued)**

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### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **Other required reporting**

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#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



**Ian Dudley** (Senior Statutory Auditor)  
for and on behalf of PriceWaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Gatwick

Date: *29 July 2020*

# Journey Latin America Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2019

		Year ended 31 December 2019 £	16 months ended 31 December 2018 £
	Note		
Turnover	4	17,719,931	21,805,968
Cost of sales		(13,536,820)	(16,811,312)
<b>Gross profit</b>		<b>4,183,111</b>	<b>4,994,656</b>
Administrative expenses		(3,387,342)	(5,523,541)
<b>Operating profit/(loss)</b>	5	<b>795,769</b>	<b>(528,885)</b>
Interest receivable and similar income	9	93,793	219,872
Interest payable and similar expenses	10	(213,954)	-
<b>Profit/(loss) before taxation</b>		<b>675,608</b>	<b>(309,013)</b>
Tax on profit/(loss)	11	61,367	75,154
<b>Profit/(loss) for the financial year/period</b>		<b>736,975</b>	<b>(233,859)</b>
<b>Other comprehensive expense: Items that may be subsequently reclassified to profit or loss</b>			
Effective portion of changes in fair values of cash flow hedges		(180,182)	(49,783)
Tax on other comprehensive expense		-	-
<b>Other comprehensive expense for the financial year/period</b>		<b>(180,182)</b>	<b>(49,783)</b>
<b>Total comprehensive income/(expense) for the year/period</b>		<b>556,793</b>	<b>(283,642)</b>

The notes on pages 15 to 40 form part of these financial statements.

# Journey Latin America Limited

Registered number: 01474705

## Balance Sheet As at 31 December 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	13	116,838	56,498
Tangible assets	14	1,172,707	36,010
		<u>1,289,545</u>	<u>92,508</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	8,715,154	9,515,324
Cash and cash equivalents	16	1,244,494	1,111,272
		<u>9,959,648</u>	<u>10,626,596</u>
Creditors: amounts falling due within one year	17	(6,607,995)	(7,781,377)
<b>Net current assets</b>		<u>3,351,653</u>	<u>2,845,219</u>
<b>Total assets less current liabilities</b>		<u>4,641,198</u>	<u>2,937,727</u>
Creditors: amounts falling due after more than one year		(924,625)	-
		<u>3,716,573</u>	<u>2,937,727</u>
<b>Provisions for liabilities</b>			
Provisions		(122,053)	-
<b>Net assets</b>		<u>3,594,520</u>	<u>2,937,727</u>
<b>Capital and reserves</b>			
Called up share capital	22	200,000	200,000
Share premium account	23	146,088	146,088
Capital redemption reserve	23	3,478	3,478
Cash flow hedging reserve	23	(146,856)	33,326
Profit and loss account	23	3,391,810	2,554,835
<b>Total shareholders' funds</b>		<u>3,594,520</u>	<u>2,937,727</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf

On 29 JULY 2020



**F Torriola**  
Director

The notes on pages 15 to 40 form part of these financial statements.

## Journey Latin America Limited

### Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Share premium account	Capital redemption reserve	Cash flow hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2019	200,000	146,088	3,478	33,326	2,554,835	2,937,727
Impact of adoption of IFRS 16 (see note 2.2)	-	-	-	-	100,000	100,000
At 1 January 2019 (adjusted balance)	200,000	146,088	3,478	33,326	2,654,835	3,037,727
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	736,975	736,975
Effective portion of changes in fair value of cash flow hedges	-	-	-	(180,182)	-	(180,182)
<b>Other comprehensive (expense)/income for the year</b>	-	-	-	(180,182)	-	(180,182)
<b>Total comprehensive (expense)/income for the year</b>	-	-	-	(180,182)	736,975	556,793
<b>At 31 December 2019</b>	<b>200,000</b>	<b>146,088</b>	<b>3,478</b>	<b>(146,856)</b>	<b>3,391,810</b>	<b>3,594,520</b>

The notes on pages 15 to 40 form part of these financial statements.



## Journey Latin America Limited

### Statement of Changes in Equity For the Period Ended 31 December 2018

	Called up share capital	Share premium account	Capital redemption reserve	Cash flow hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 September 2017	163,478	-	3,478	-	2,812,017	2,978,973
Prior year adjustment	-	-	-	83,109	81,575	164,684
At 1 September 2017 (as restated)	163,478	-	3,478	83,109	2,893,592	3,143,657
<b>Comprehensive expense for the period</b>						
Loss for the financial period	-	-	-	-	(233,859)	(233,859)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(49,783)	-	(49,783)
<b>Other comprehensive expense for the period</b>	-	-	-	(49,783)	-	(49,783)
<b>Total comprehensive expense for the period</b>	-	-	-	(49,783)	(233,859)	(283,642)
Dividends: Equity capital	-	-	-	-	(104,898)	(104,898)
Shares issued during the period	36,522	146,088	-	-	-	182,610
<b>Total transactions with owners</b>	36,522	146,088	-	-	(104,898)	77,712
<b>At 31 December 2018</b>	<b>200,000</b>	<b>146,088</b>	<b>3,478</b>	<b>33,326</b>	<b>2,554,835</b>	<b>2,937,727</b>

The notes on pages 15 to 40 form part of these financial statements.

# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **1. General information**

Journey Latin America Limited is a private company limited by shares incorporated and domiciled in England and Wales under the Companies Act. The address of the registered office is given on the Company Information page and the nature of the Company's operations and principal activities are given in the Directors' Report and Strategic Report.

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company's presentational currency is GBP.

The Company's parent undertaking, DER Touristik UK Limited includes the Company in its consolidated financial statements. The consolidated financial statements of DER Touristik UK Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Touristik House, One Dorking Office Park, Dorking, RH4 1HJ.

The following principal accounting policies have been applied consistently, other than where new policies have been adopted:

#### **2.2 Impact of new international reporting standards, amendments and interpretations**

##### **IFRS 16**

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

The new standard, IFRS 16, has replaced the previously applicable standard, IAS 17 with effect from 1 January 2019. The scope of IFRS 16 includes all rental and lease arrangements, sub-letting arrangements and sale-and-leaseback transactions.

The purpose of the new standard is to account for all obligations arising from rental and lease arrangements. The principal innovation of IFRS 16 as compared to IAS 17 relates to lessee accounting. Going forward, lessees will no longer be required to classify leases as either operating or finance leases. Instead, the lessee must recognise a liability as at the date on which the lessor transfers the asset to the lessee for use as well as a corresponding right-of-use asset, which is generally equal to the present value of the future lease payments plus directly attributable costs. During the term of the lease, the lease liability is adjusted using a model based on financial mathematics, while the usage right is amortised.

The new standard has materially affected EBITDA, EBITA, EBIT, EBT and EAT: the future lease payments attributable to leases to be recognised are no longer reported as a lease expense. These leases are recognised through profit or loss by amortising the recognised right-of-use asset and discounting the lease liability.

# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **2. Accounting policies (continued)**

#### **2.2 Impact of new international reporting standards, amendments and interpretations (continued)**

The new standard has also affected the cash flow statement: Whereas the lease expenses from operating leases were previously reported under cash flows from operating activities, the effects from these leases to be recognised going forward are reported in different sections of the cash flow statement: interest paid is recognised under cash flows from operating activities and payment of the lease liability under cash flows from financing activities. Thus, IFRS 16 has led to an increase in cash flows from operating activities and a decrease in cash flows from financing activities.

The Company has applied the standard from the mandatory effective date on 1 January 2019 using the modified retrospective approach. The lease liability must be measured as at the date of first-time application, being 1 January 2019, using the present value of the lease payments still outstanding as at the transition date, applying the incremental borrowing rate. The right-of-use asset is recognised at the same amount less amounts recognised as provisions if the lease is an onerous contract as defined in IAS 37. Any difference is recognised in retained earnings.

The Company reviewed significant leases (real estate) with respect to the new accounting requirements for leases under IFRS 16. Since all lease in place as at 1 January 2019 have less than 12 months of remaining lease term, on transition to IFRS 16, the Company has elected to apply the exemption available for leases previously classified as operating leases under IAS 17 not to recognise right-of-use assets and lease liabilities for leases with less than 12 months of remaining lease term at the date of application. As such, at 1 January 2019, a lease liability exists to the value of £Nil and right of use assets exists to the value of £Nil.

As part of the adoption of IFRS 16, the Company has reassessed all existing dilapidations obligations and adjusted the associated provisions accordingly.

# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

### **2. Accounting policies (continued)**

#### **2.2 Impact of new international reporting standards, amendments and interpretations (continued)**

The following table summarises the impact of adopting new reporting standards on the Company's financial statements.

#### **Reconciliation of minimum operating lease commitment to lease liabilities**

	<b>2019</b>
	<b>£</b>
Minimum operating lease commitments at 31 December 2018	<b>130,296</b>
Short term leases not recognised under IFRS 16	<b>(130,296)</b>
<b>Undiscounted lease payments</b>	<b>-</b>
Effect of discounting at the date of initial application	<b>-</b>
<b>Lease liability at 1 January 2019</b>	<b>-</b>

Since all lease in place as at 1 January 2019 have less than 12 months of remaining lease term, on transition to IFRS 16, the Company has elected to apply the exemption available for leases previously classified as operating leases under IAS 17 not to recognise right-of-use assets and lease liabilities for leases with less than 12 months of remaining lease term at the date of application. As such, there is no effect of discounting at the date of initial application.

# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **2. Accounting policies (continued)**

#### **2.3 Financial reporting standard 101 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- 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 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

#### **2.4 Related party transactions**

As a wholly owned subsidiary of DER Touristik UK Limited, the Company has taken advantage of the exemption contained in FRS 101.8(k) and has therefore not disclosed transactions or balances with entities which form part of the Group.

#### **2.5 Going concern**

The Company is in a net current assets position, and although it has sufficient financial resources to pay its liabilities for a period after the Balance Sheet date, due to the COVID-19 pandemic, it will require support from the ultimate parent company, REWE ZentralFinanz EG which has provided the Company with an undertaking that, for at least 12 months from the date of approval of these financial statements, if required, it will provide financial support to ensure that the Company is able to meet its current and future obligations.

Having taken action to assess whether they can rely on the support being provided by the ultimate parent undertaking, the directors believe that with this support, the Company is well placed to manage its business risks successfully and navigate the COVID-19 crisis. Thus, they continue to adopt the going concern basis in preparing the annual Financial Statements.

# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **2. Accounting policies (continued)**

#### **2.6 Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire.

#### **2.7 Derivative financial instruments and hedging**

##### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the Statement of Comprehensive Income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

##### *Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Statement of Comprehensive Income.

##### *Fair value hedges*

The Company hedges against changes in the fair value of recognised assets, recognised liabilities, unrecognised firm commitments or precisely defined portions of such assets, liabilities or firm commitments, if the change is attributable to a specific risk and can impact the profit or loss for the period. For fair value hedges, the carrying amount of a hedged item is adjusted by the gain or loss from the hedged item attributable to the hedged risk and the derivative financial instrument is re-measured at its fair value.

The changes in the fair value of derivatives that were designated for hedging the fair value of certain assets or liabilities and that must be classified as a fair value hedge are recognised in the Statement of Comprehensive Income together with the changes to the fair value of this asset or liability with a corresponding gain or loss recognised in profit or loss for the period.

# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **2. Accounting policies (continued)**

#### **Derivative financial instruments and hedging (continued)**

A fair value hedge ceases to be recognised if the hedging instrument expires, is sold, becomes due or is exercised, or if the transaction no longer satisfies the requirements for hedge accounting. Any adjustment to the carrying value amount of a hedged financial instrument is amortised to profit and loss using the effective interest method.

Replacing or continuing a hedging instrument through another hedging instrument will in this case not constitute the expiration or termination of the hedging relationship if such a replacement or continuation is a part of the previously documented hedging strategy. The novation of a hedging instrument to a central counterparty also does not constitute an end to the hedging relationship if the hedging instrument was novated due to statutory requirements, on account of the novation the central counterparty becomes the contracting partner of all parties of a derivative agreement, and there are no changes (except for those necessitated by the novation) to the terms of the agreement underlying the original derivative.

#### **2.8 Turnover**

Turnover represents the invoiced value of services provided exclusive of value added tax, in respect of holidays taken for departure dates up to 31 December 2019. Turnover is generated from the sale of a bundled performance obligation, being a holiday package, with a fixed price. Income is not treated as earned until departure date.

Income from the rendering of services is recognised in accordance with the stage of completion. Stage of completion is measured by the number of departed nights in a booking that fall in a particular year. Total revenue for a booking is assumed to accrue evenly across each day.

#### **2.9 Leases**

##### **The Company as a lessee**

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. As such, the 2018 comparatives have not been restated.

For the year ended 31 December 2018, the Company had operating leases which were accounted for as follows:

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

From 1 January 2019, the Company has adopted IFRS 16 and accounted for leases as follows:

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as those with a value below USD 5,000 at inception). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **2. Accounting policies (continued)**

#### **2.9 Leases (continued)**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed in which case the lease liability is re-measured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.



# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **2. Accounting policies (continued)**

#### **2.9 Leases (continued)**

The right-of-use assets are included in 'Tangible Fixed Assets' in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in full in profit or loss in the year in which the impairment is identified.

#### **2.10 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following basis:

Software development	- 3 years
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Software consists of website development costs that have been capitalised to the extent that an enduring asset has been created where future economic benefits are expected to arise.

During the year, the Company has changed their amortisation policy to align with the rest of the Group policies.

#### **2.11 Tangible assets**

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as shown below.

Short-term leasehold property	- Over the lease term
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 10% straight line
Computer equipment	- 33% straight line
Right-of-use property	- Over the lease term

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

During the year, the Company has changed their depreciation policy to align with the rest of the Group policies.

# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **2. Accounting policies (continued)**

#### **2.12 Debtors**

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

Impairment is provided by applying the expected credit loss model, using the simplified approach, as no receivables have been assessed to include a significant financing component, taking historic, current and forward looking information into account.

#### **2.13 Cash and cash equivalents**

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

#### **2.14 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **2.15 Provisions for liabilities**

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

#### **2.16 Foreign currency translation**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in profit or loss except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign currency gains and losses are reported on a net basis.

# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **2. Accounting policies (continued)**

#### **2.17 Pensions**

##### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

#### **2.18 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. The invoiced value of contributions from suppliers for involvement in marketing and brochure activities has been deducted from marketing expenses.

#### **2.19 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

#### **2.20 Finance costs**

Finance costs include interest relating to the unwinding of the discount on lease liabilities and the associated dilapidations provisions which are recognised over the term of the lease.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Statement of Comprehensive Income within 'interest payable and similar expenses'.

# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **2. Accounting policies (continued)**

#### **2.21 Current and deferred taxation**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

#### **2.22 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical judgements in applying the Company's accounting policies**

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

##### *Revenue recognition*

The Company recognises revenue based on the date of departure of the booking apportioned on a percentage of completion basis. The directors believe this is the most appropriate revenue base as this matches the point at which the service is performed.

##### *Leases*

Options to renew are only taken into account if, on the basis of the plans approved by management, it is sufficiently certain that the corresponding leased asset will continued to be operated over this period; otherwise, the shortest possible lease term is assumed.

#### **Key sources of estimation uncertainty**

The following are key sources of estimation uncertainty that the directors have applied in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

##### *Leases*

An interest rate of 6% has been used to calculate the present value of lease liabilities and the associated right-of use asset.

### **4. Turnover**

The whole of the turnover is attributable to the principal activity of the Company.

All turnover arose within the United Kingdom.

# Journey Latin America Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 5. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	Year ended 31 December 2019 £	16 months ended 31 December 2018 £
Costs associated with change in ownership	-	393,750
Depreciation of tangible fixed assets	106,028	123,158
Amortisation of Intangible assets	27,530	270,636
Exchange differences	(241,488)	(477,423)
Defined contribution pension cost	76,687	116,365
	<u>          </u>	<u>          </u>

Costs associated with change in ownership include restructuring and other charges incurred in aligning the Company systems to that of the Group.

Depreciation of tangible assets comprises charges against the following assets:

	2019 £
Short-term leasehold property	11,615
Motor vehicles	1,106
Fixtures and fittings	9,128
Computer equipment	5,366
Right-of-use property	78,813
	<u>          </u>
	<u>106,028</u>

# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **6. Auditors' remuneration**

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	<b>Year ended 31 December 2019 £</b>	<b>16 months ended 31 December 2018 £</b>
Fees for the audit of the Company	<b>26,800</b>	<b>30,400</b>
Fees for assurance services	<b>4,600</b>	<b>4,600</b>
	<b><u>31,400</u></b>	<b><u>35,000</u></b>

# Journey Latin America Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 7. Employees

Staff costs, including directors' remuneration borne by the parent company, were as follows:

	Year ended 31 December 2019 £	16 months ended 31 December 2018 £
Wages and salaries	1,849,825	3,035,202
Social security costs	193,585	344,403
Other pension costs	76,687	116,365
	<u>2,120,097</u>	<u>3,495,970</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31 December 2019 No.	16 months ended 31 December 2018 No.
Sales	21	21
Administration	22	23
Directors	3	5
	<u>46</u>	<u>49</u>



# Journey Latin America Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 8. Directors' remuneration

	Year ended 31 December 2019 £	16 months ended 31 December 2018 £
Directors' emoluments	-	318,898
Company contributions to defined contribution pension schemes	-	27,554
	<u>-</u>	<u>346,452</u>

During the year retirement benefits were accruing to no directors (period to 31 December 2018 : 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £Nil (period to 31 December 2018: £126,838).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (period to 31 December 2018: £12,175).

The directors' remuneration disclosed above relates to the directors in office up to the date of acquisition of the Company by DER Touristik UK Limited, being 31 October 2018. There has been no allocation from the Group for services provided since 31 October 2018 for the 3 newly appointed directors.

### 9. Interest receivable and similar income

	Year ended 31 December 2019 £	16 months ended 31 December 2018 £
Ineffective portion of changes in fair value of cash flow hedges	-	183,461
Bank and other interest receivable	93,793	36,411
	<u>93,793</u>	<u>219,872</u>

# Journey Latin America Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 10. Interest payable and similar expenses

	Year ended 31 December 2019 £	16 months ended 31 December 2018 £
Ineffective portion of changes in fair value of cash flow hedges	190,767	-
Interest on lease liabilities	20,839	-
Interest on dilapidations provision	2,348	-
	<u>213,954</u>	<u>-</u>

### 11. Tax on profit/(losses)

	Year ended 31 December 2019 £	16 months ended 31 December 2018 £
Current tax on profits/(losses) for the year/period	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	135,815	(75,154)
Adjustments in respect of previous period	(197,182)	-
<b>Total deferred tax</b>	<u>(61,367)</u>	<u>(75,154)</u>
<b>Tax on profit/(losses)</b>	<u>(61,367)</u>	<u>(75,154)</u>

# Journey Latin America Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 11. Tax on profit/(losses) (continued)

#### Factors affecting tax credit for the year/period

The tax assessed for the year/period is lower than (period to 31 December 2018: lower than) the standard rate of corporation tax in the UK of 19.00% (period to 31 December 2018: 19.00%). The differences are explained below:

	Year ended 31 December 2019 £	16 months ended 31 December 2018 £
Profit/(loss) before taxation	675,608	(309,013)
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	128,366	(58,712)
Effects of:		
Expenses not deductible for tax purposes	23,428	25,667
Fixed asset differences	-	(32,337)
Adjustment in respect of previous period	(197,182)	-
Other timing differences leading to an increase in taxation	-	61
Change in tax rates	(15,979)	(9,833)
<b>Total tax credit for the year/period</b>	<b>(61,367)</b>	<b>(75,154)</b>

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include a reduction to the main rate to reduce the tax rate to 17% from 1 April 2020.

Deferred taxes at the reporting date have been measured using this enacted tax rate and reflected in these financial statements.

#### Factors that may affect future tax charges

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. This will increase the Company's future tax charge accordingly.

# Journey Latin America Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 12. Dividends

	Year ended 31 December 2019 £	16 months ended 31 December 2018 £
Dividends at Nil (2018: 19.25p) per ordinary share	-	94,410
Dividends at Nil (2018: 6.417p) per ordinary share	-	10,488
	<u>-</u>	<u>104,898</u>

### 13. Intangible assets

	Computer software £
<b>Cost</b>	
At 1 January 2019	1,019,129
Additions	87,871
Disposals	(140,717)
At 31 December 2019	<u>966,283</u>
<b>Amortisation</b>	
At 1 January 2019	962,631
Charge for the year	27,530
On disposals	(140,716)
At 31 December 2019	<u>849,445</u>
<b>Net book value</b>	
At 31 December 2019	<u>116,838</u>
At 31 December 2018	<u>56,498</u>

The amortisation charge for the year is recognised within administrative expenses in the Statement of Comprehensive Income.

## Journey Latin America Limited

### Notes to the Financial Statements For the Year Ended 31 December 2019

#### 14. Tangible fixed assets

	Short-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Right-of-use property £	Total £
<b>Cost</b>						
At 1 January 2019	131,184	8,029	121,764	676,745	-	937,722
Additions	32,620	1,829	-	26,087	1,182,189	1,242,725
Disposals	-	(892)	-	(48,147)	-	(49,039)
At 31 December 2019	163,804	8,966	121,764	654,685	1,182,189	2,131,408
<b>Depreciation</b>						
At 1 January 2019	121,200	7,674	96,093	676,745	-	901,712
Charge for the year	11,615	1,106	9,128	5,366	78,813	106,028
Disposals	-	(892)	-	(48,147)	-	(49,039)
At 31 December 2019	132,815	7,888	105,221	633,964	78,813	958,701
<b>Net book value</b>						
At 31 December 2019	30,989	1,078	16,543	20,721	1,103,376	1,172,707
At 31 December 2018	9,984	355	25,671	-	-	36,010

# Journey Latin America Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 14. Tangible fixed assets (continued)

The depreciation charge for the year is recognised within administrative expenses in the Statement of Comprehensive Income.

### 15. Debtors: amounts falling due within one year

	2019 £	2018 £
Trade debtors	18,700	12,670
Amounts owed by group undertakings	6,582,553	6,976,722
VAT repayable	27,356	34,946
Prepayments and accrued income	1,970,367	2,216,363
Deferred taxation (note 20)	99,179	37,812
Financial instruments	16,999	236,811
	<u>8,715,154</u>	<u>9,515,324</u>

Amounts owed by group undertakings include an amount of £6,497,618 (2018: £6,800,000) that relates to Group cash deposits subject to a cash pooling agreement made with REWE International Finance B.V., a fellow Group company based in the Netherlands. Interest on these cash deposits is earned as a variable interest rate depending on the terms of the agreement per deposit. Interest rates for the current year ranged from 0.25% to 2.60% (2018: 0.15% to 1.68%).

All other amounts owed by group undertakings are unsecured, interest free and receivable on demand through an intercompany netting process.

### 16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>1,244,494</u>	<u>1,111,272</u>

# Journey Latin America Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 17. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	660,030	1,091,092
Other taxation and social security	50,197	54,742
Lease liabilities (note 19)	158,698	-
Other creditors	-	11,134
Accruals and deferred income	5,554,920	6,624,409
Financial instruments	184,150	-
	<u>6,607,995</u>	<u>7,781,377</u>

### 18. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Lease liabilities (note 19)	<u>924,625</u>	<u>-</u>

### 19. Leases

#### Company as a lessee

See note 2.2 for the nature of leases undertaken by the Company.

Lease liabilities are due as follows:

	2019 £
Not later than one year	158,698
Between one year and five years	924,625
	<u>1,083,323</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2019 £
Interest expense on lease liabilities	20,839
Expenses relating to short-term leases	<u>130,296</u>

# Journey Latin America Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 20. Deferred taxation

	2019 £	2018 £
At beginning of year/period	37,812	(37,342)
Credited to profit or loss	61,367	75,154
<b>At end of year/period</b>	<b>99,179</b>	<b>37,812</b>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Fixed asset timing differences	22,735	36,555
Short term timing differences	25,500	-
Losses and other deductions	50,944	1,257
	<b>99,179</b>	<b>37,812</b>

### 21. Provisions

	Dilapidations provision £
Additions to right-of-use asset	119,705
Interest	2,348
<b>At 31 December 2019</b>	<b>122,053</b>

### 22. Called up share capital

	2019 £	2018 £
Shares classified as equity		
<b>Allotted, called up and fully paid</b>		
200,000 (2018 -200,000) Ordinary shares of £1 each	<b>200,000</b>	<b>200,000</b>



# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **23. Reserves**

The Company has the following reserves:

#### **Share premium account**

The share premium reserve relates to amounts paid for share capital in excess of nominal value.

#### **Capital redemption reserve**

The capital redemption reserve relates to the nominal value of share capital that has been purchased.

#### **Cash flow hedging reserve**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedge transactions that have not yet occurred.

#### **Profit and loss account**

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

### **24. Contingent liabilities**

#### *Forward currency contracts*

REWE International Finance B.V. has taken out foreign exchange contracts entered into in the normal course of business amounting to £7,145,202 (2018: £4,935,379) on behalf of the Company.

Foreign currency purchases are committed at the time of booking in advance of the customer departure. Currency market movements are mitigated as currency commitments mature at the time of supplier payment, post customer departure. Contingent liabilities volumes and hedging commitments are dictated by booking patterns for the following year departures and predominantly arise in US Dollars.

### **25. Pension commitments**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £76,687 (2018: £116,365). Contributions totalling £Nil (2018: £Nil) were payable to the fund at the Balance Sheet date.

# Journey Latin America Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 26. Commitments under operating leases

At 31 December 2019 leases entered into by the Company are accounted for in accordance with IFRS 16 as detailed in note 19 and therefore not reflected in this note. As at 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	-	130,296
	<u>-</u>	<u>130,296</u>

See note 2.2 for a reconciliation of the operating lease commitments at 31 December 2018 to the lease liability created upon adoption of IFRS 16 at 1 January 2019.

### 27. Related party transactions

The following directors were paid dividends during the prior period as outlined in the table below:

	2019 £	2018 £
J B Williams	-	51,333
C A Parrott	-	51,333
R A Sanmugam	-	2,232
	<u>-</u>	<u>104,898</u>

The above directors were related parties of the Company up until 31 October 2018 when they resigned as directors. The dividends related to the period of their services.

### 28. Post balance sheet events

At the date of approval of these financial statements, COVID-19 continues to spread internationally, contributing to a sharp decline in global financial markets and a significant decrease in global economic activity, which is significantly impacting the travel industry.

At the time of writing, 14 day inbound quarantine restrictions still exist on most key long haul destinations with only speculative information available on which further destinations might open up and when. A number of short haul European countries are more freely available for outbound travel, but interest is still severely curtailed, as customers remain nervous about the travel experience. Significant uncertainty remains on how customer travel trends will change, and this will likely differ across different demographics of customer.

The directors expect the outbreak to have a continued impact on operations of the business for a sustained period after the Balance Sheet date, and are taking actions to mitigate these effects as much as possible.

# **Journey Latin America Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **29. Controlling party**

The immediate parent company is DER Touristik UK Limited, incorporated in England and Wales. This is also the parent undertaking of the smallest group for which consolidated financial statements are prepared.

REWE ZentralFinanz EG is the parent undertaking of the largest group for which consolidated financial statements are prepared. A copy of the consolidated financial statements may be obtained from REWE ZentralFinanz EG, Domstraße 20, 50668, Köln. In the opinion of the directors this is the Company's ultimate parent undertaking and ultimate controlling party at the date of this report.