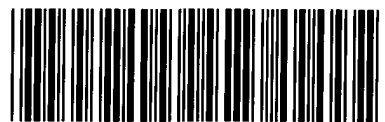


Ski Bound Limited
Reports of the Directors and financial statements
for the year ended 30 September 2017
Company number 1873956

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Ski Bound Limited
Reports of the Directors for the year ended 30 September 2017

The Directors present their Strategic and Directors' Reports on and the audited financial statements of Ski Bound Limited (the "Company") for the year ended 30 September 2017.

STRATEGIC REPORT

The Company's principal activity during the year continued to be that of a tour operator.

On 15 June 2017, TUI AG, the former ultimate parent company, sold the Travelopia Group of companies, of which the Company is part of, to private equity firm KKR & Co L.P, which became the new ultimate controlling party.

Review of the business

The Company's loss on ordinary activities before taxation for the year ended 30 September 2017 was £1,286,000 (2016: Profit 1,527,000). No dividends were paid during the year (2016: £nil) and the Directors do not recommend the payment of a final dividend.

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 2017 No./£'000	Year ended 30 September 2016 No./£'000
Number of passengers	51,484	49,014
Revenue	33,602	31,420
Revenue per passenger	0.652	0.641
(Loss)/Profit on ordinary activities before taxation	(1,286)	1,527
Net assets	9,640	10,793

The Company has two main brands, Skibound and Travelbound. The Skibound brand operates ski trips for school parties to its club hotels in France and third party locations in Europe and North America. Travelbound operates educational school trips, university tours and music performing arts tours within the UK and overseas.

The business achieved revenue growth against prior year of 6.4% led by our Travelbound business with our Core and Student businesses performing well. Our Ski business was also up in the year led by a good performance at our club hotels and North American business. However, overall trading in Europe and long haul remains challenging due to the general macro-economic conditions, highly competitive markets and increasing safety concerns on short haul destinations which combined with foreign exchange impact has led to lower margins. This, along with inflationary increases in overheads resulted in an operating profit of £133,000 compared with an operating profit in the previous year of £677,000.

STRATEGIC REPORT (continued)

Funding, liquidity and going concern

At 30 September 2017, the Company had net assets of £9,640,000 (2016: £10,793,000) and net current assets of £8,730,000 (2016: £9,718,000). The Directors have considered the funding and liquidity position of the Company. Following this review, the Directors consider it appropriate to continue to prepare the financial statements on the going concern basis.

The Directors consider the future outlook of the Company to be satisfactory. Details of post balance sheet events are included in Note 23 of these financial statements.

Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101")

The Company adopted FRS 101 for the year ended 30 September 2016 as its basis of accounting.

Principal risks and uncertainties

Set against the evolving macroeconomic environment, the principal risks and uncertainties which are common to the Group and the Company are:

- **Destination disruption risk.** Providers of holiday and travel services are exposed to the inherent risk of incidents affecting some countries or destinations within their operations. This can include natural catastrophes; outbreaks of disease; political volatility and terrorist events. The company monitors and follows foreign office advice regarding the safety and suitability of travelling to particular destinations. In addition to which a disaster recovery plan is in place in case of any significant business interruption or loss.
- **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. Additionally the industry and schools markets continue to develop and evolve their web-based offering. 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. The Company obtains regular consumer feedback, completes market reviews and trend analysis and is developing and investing in the latest web based technology in order to mitigate these risks.
- **Legal & regulatory compliance.** The Company operates in a highly-regulated environment, particularly in relation to consumer protection, tax, aviation and the environment. The Group has established an effective system of internal control that the Company adheres to in order to ensure we operate, to the best of our knowledge in compliance with all legal and regulatory requirements. Non-compliance could result in the Company potentially suffering negative impact, damage to our reputation and reduced revenues.
- **Brexit.** The UK's EU Membership referendum decision to leave the EU has increased uncertainty, particularly to foreign exchange rates, and the short to medium term outlook for the UK economy. There is a risk that this uncertainty could reduce demand for overseas holidays and adversely impact on the financial performance of the business.
- **Input cost volatility.** A significant proportion of operating expenses are in non-local currency which therefore exposes the business to changes in exchange rates. There is the risk that if we do not manage adequately the volatility of exchange rates and other input costs, then this could result in increased costs and lead to margin erosion, impacting on our ability to achieve profit targets. The Company manages this risk using a hedging policy of taking out options to purchase non-functional currency many months in advance of the underlying transaction, thereby creating an element of certainty over the Company's future cost base. This protects the Company's profit margins, although the accounting policy adopted by the Company will cause volatility in the statement of comprehensive income in the period between the time that the option is purchased and the underlying transaction is recognised.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

- **Health & safety.** For all providers of holiday and travel services, ensuring the health and safety of customers is of paramount importance. There is the risk of accidents occurring causing injury or death to customers or colleagues whilst on one of our holidays. This could result in reputational damage to the Company and/or financial liabilities through legal action being taken by the affected parties. The company has drawn up and adopted a strict health and safety policy and guidelines including regular checks and requiring the regulatory compliance of all our third party service transport and accommodation providers in order to mitigate these risks.
- **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. The company reviews staff performance and has a comprehensive reward and benefits package in place in order to try and attract and retain key talent.
- **Cyber security.** Our responsibility is to protect the confidentiality, integrity and availability of the data we have and the services we provide to our customers, our employees, our suppliers and service delivery teams. There is a risk that our increasing dependence on online sales and customer care channels increases our exposure and susceptibility to cyber-attacks and hacks. The Group and Company are constantly reviewing to ensure as far as possible that appropriate levels of security controls are in place. A security breach could have a significant negative impact on our key stakeholders, associated reputational damage and potential for financial implications.
- **Supply chain risk.** Providers of holiday and travel services are exposed to the inherent risk of failure in their key suppliers. This is further heightened by the industry convention of paying in advance to secure room allocations. If we are unable to manage financial exposure, should the demand drop, the Company could be exposed to financial losses. In order to manage this the Company regularly reviews its occupancy levels and any potential unutilised capacity and adjusts its pricing and room stock levels accordingly.

On behalf of the Board



N K Rust
Director

Company Number 1873956

Dated 27 March 2018

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:

M Froggatt
B D L Jones
B G Robinson
N K Rust

Directors' Insurance

Throughout the financial year until 15 June 2017, TUI AG maintained Directors' and Officers' Liability Insurance policies on behalf of the Directors of the Company. From 15 June 2017 until the date of approval of these financial statements the ultimate 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, funding and liquidity, future developments 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 prepared 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 estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

Ski Bound Limited

Reports of the Directors for the year ended 30 September 2017

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



N K Rust
Director

Company Number 1873956

Dated 27 March 2018

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SKI BOUND LIMITED

Opinion

We have audited the financial statements of Ski Bound Limited ("the Company") for the year ended 30 September 2017 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 2017 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.

Conclusions relating to going concern

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

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

Other information

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

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.

Ski Bound Limited

Independent auditors' report to the members of Ski Bound Limited

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 Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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.

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.



John Everingham (Senior Statutory Auditor) for and on behalf of BDO LLP, statutory auditor
Gatwick

Date: 24 March 2018

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

Ski Bound Limited
Statement of total comprehensive income for the year ended 30 September 2017

		Year ended 30 September 2017	Year ended 30 September 2016
	Note	£'000	£'000
			<i>Restated</i>
Revenue	3	33,602	31,420
Cost of sales	3	(27,927)	(25,540)
Gross profit		5,675	5,880
Administrative expenses		(5,542)	(5,203)
Operating profit		133	677
Loss on disposal of non-current assets		(4)	(762)
Profit/(loss) on ordinary activities before finance income and costs		129	(85)
Finance income	6	108	1,628
Finance expense	7	(1,523)	(16)
(Loss)/profit on ordinary activities before taxation	8	(1,286)	1,527
Tax credit/(expense)	10	133	(379)
(Loss)/profit for the financial year attributable to owners of the parent		(1,153)	1,148
Total comprehensive (loss) for the year attributable to owners of the parent		(1,153)	1,148

Ski Bound Limited

Balance sheet as at 30 September 2017

<i>Company number: 1873956</i>		30 September 2017 £'000	30 September 2016 £'000
	Note		
Non-current assets			
Intangible assets	11	487	1,079
Property, plant and equipment	12	211	213
Investments in subsidiaries	13	68	68
Deferred tax assets	14	154	-
Derivative financial assets	15	8	-
		928	1,360
Current assets			
Trade and other receivables	16	16,792	8,629
Derivative financial assets	15	262	1,540
Cash and cash equivalents		5,634	18,420
		22,688	28,589
Total assets		23,616	29,949
Current liabilities			
Trade and other payables	17	(12,858)	(18,122)
Income tax – overseas tax payable		-	(75)
Income tax – group relief payable		(247)	(106)
Derivative financial liabilities	15	(213)	-
Provisions for liabilities	18	(640)	(568)
		(13,958)	(18,871)
Non-current liabilities			
Trade and other payables	17	-	(165)
Derivative financial liabilities	15	(18)	-
Deferred tax liabilities	14	-	(120)
		(18)	(285)
Total liabilities		(13,976)	(19,156)
Net assets		9,640	10,793
Equity			
Called up share capital	20	22,250	22,250
Merger reserve	21	2,187	2,187
Profit and loss account	21	(14,797)	(13,644)
Total equity		9,640	10,793

The notes on pages 10 to 23 form part of these financial statements.

The financial statements on pages 7 to 23 were approved and authorised for issue by the Board of Directors on 27 March 2018 and signed on its behalf by:



N K Rust
Director

Ski Bound Limited
Statement of changes in equity for the year ended 30 September 2017

	Note	Called up share capital £'000	Merger reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 October 2015		18,250	-	(14,792)	3,458
Total comprehensive income for the year		-	-	1,148	1,148
Issue of share capital		4,000	-	-	4,000
Merger with CHS Tour Services GmbH	22	-	2,187	-	2,187
At 30 September 2016		22,250	2,187	(13,644)	10,793
Total comprehensive loss for the year		-	-	(1,153)	(1,153)
At 30 September 2017		22,250	2,187	(14,797)	9,640

1. General Information

The Company is a private limited company incorporated and domiciled in England. The address of its registered office is Origin One, 1081 High Street, Crawley, West Sussex, United Kingdom, RH10 1BD. The Company's registered number is 1873956.

On 15 June 2017, TUI AG, the former ultimate parent company, sold the Travelopia Group of companies, of which the Company is part of, to private equity firm KKR & Co L.P, which became the new ultimate controlling party.

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 profit or loss, on a going concern basis and in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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 has elected to adopt FRS 101 for the year ended 30 September 2016. In addition to adopting FRS 101, the Company has also elected to early adopt both the provisions of Statutory Instrument 2015 No.980 'The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015' ("SI 980") and FRS 101 (September 2015) which permit 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 (the "functional currency"). The financial statements are presented in the Company's functional currency of Sterling, rounded to the nearest thousand pounds, unless stated otherwise.

3. Summary of significant accounting policies

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

New and amended standards adopted by the Company

The following narrow scope amendments to existing standards have been endorsed by the EU and are effective in the current year:

- Amendments to IAS 19 'Employee benefits' on defined benefit plans;
- Annual Improvements project 2012, covering IFRS 2 'Share based payments', IFRS 3 'Business combinations', IFRS 8 'Operating segments', IFRS 13 'Fair value measurement', IAS 16 'Property, plant and equipment', IAS 24 'Related party disclosures' and IAS 38 'Intangible assets'; and
- Annual improvements project 2013, covering IFRS 1 'First-time adoption of International Financial Reporting Standards', IFRS 3 'Business combinations', IFRS 13 'Fair value measurement' and IAS 40 'Investment property'.

None of the amendments to each individual standard are considered material to the Company and hence there has been no impact on these financial statements as a result of adopting the amended standards.

3. Summary of significant accounting policies (continued)

Restatement

In the prior year certain income and costs were netted off and following a review it was decided that the correct presentation was to show these gross. This has resulted in both income and cost of sales increasing by £1,015k, without impacting gross profit. Furthermore there was a reclassification of a creditor to provisions on the balance sheet.

Intangible assets

Computer software consists of all software that is not an integral part of the related hardware and is stated at cost less accumulated amortisation and impairment losses.

Development costs that are directly attributable to the design and testing of identifiable and unique software platforms controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria, together with costs associated with maintaining computer software programmes, are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation is charged to the statement of total comprehensive income on a straight-line basis over the estimated useful economic life as follows:

Computer software	20% or 33.3% straight-line
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Software in development is not amortised. Upon completion of development and bringing the software into use, the costs are re-categorised into computer software and amortisation commences.

Property, plant, equipment and depreciation

Property, plant and equipment is stated at historical purchase cost, including any costs attributable to bringing an asset to its working condition for its intended use, less accumulated depreciation.

Depreciation is charged on a straight-line basis to the residual value over the estimated useful lives of the assets which are as follows:

Fixtures, fittings, equipment and skis	20% or 33.3% straight-line
Computer hardware	33.3% or 12.5% straight-line

Useful lives are estimated taking into account the rate of technological change and intensity of use of the assets and are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3. Summary of significant accounting policies (continued)

Investments in subsidiaries

Investments are recognised at cost less accumulated impairment losses.

Derivative financial instruments and hedging activities

The Company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Changes in the fair value of derivatives are recorded in the statement of total comprehensive income within finance income or finance expense. Changes in the fair value of the hedged asset or liability that are attributable to the hedged risk are also recognised within the statement of total comprehensive income in the category to which they relate.

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets, 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 less impairment losses.

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 payment is expected in one year or less they are classified as current liabilities, 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 in advance (deferred income)

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

Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability. The increase in the provision due to passage of time is recognised as a financial expense.

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.

3. Summary of significant accounting policies (continued)

Business combinations under common control

Business combinations under the common control of the Group use the predecessor method of accounting, whereby the book value of assets and liabilities are recognised at the date when control is obtained. Assets and liabilities acquired are not fair valued and no intangible assets are recorded, which would be the case if the Company elected to use IFRS 3 for business combinations under common control. Instead, a value equal to the net assets acquired is recognised in the statement of changes in equity.

Revenue

The Company has one class of business acting as a tour operator. Revenue originates solely from the rendering of services and represents the aggregate amount of revenue receivable for services supplied in the ordinary course of business. Revenue is measured at the fair value of the consideration received or receivable and is stated net of discounts and value added tax. The Company recognises revenue on the date of departure of the holiday and the related costs of accommodation, transfers and flights are charged to the statement of total comprehensive income on the same basis.

The majority of revenue originates within the UK with a small portion from the Middle East.

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.

Pensions

The Company participates in a Group Defined Contribution Pension Scheme. Pension liabilities are charged to the statement of total comprehensive income as they fall due.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

Finance income and finance expense

Finance income recognised in the statement of total comprehensive income mainly comprises bank interest receivable and gains on the fair value of derivative financial instruments. Finance expense recognised in the statement of total comprehensive income mainly comprises loan interest payable, bank interest expense and losses on the fair value of derivative financial instruments.

Current and deferred tax

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority.

Called up share capital

Ordinary shares are classified as equity.

4. Reduced disclosures permitted by FRS 101

The Company meets the definition of a qualifying entity of Tim Intermediateco Limited, as defined by FRS 100, as the results of this Company are fully consolidated into the Group financial statements of Tim Intermediateco Limited. Details for obtaining the Group financial statements of Tim Intermediateco Limited can be found in Note 25. 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.

5. Critical accounting estimates and judgments

The preparation of financial statements in conformity with FRS 101 requires management to make judgments, 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) Useful economic lives of computer software

The annual amortisation for computer software is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement and economic utilisation.

Ski Bound Limited
Notes to the financial statements for the year ended 30 September 2017

6. Finance income

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Interest income on loans to Group undertakings	95	-
Bank interest income	13	58
Total finance income on financial assets not measured at fair value through profit and loss	108	58
Gains on derivative financial instruments	-	1,570
Total finance income	108	1,628

7. Finance expense

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Interest expense on loans from Group undertakings	-	-
Bank interest expense	21	16
Total finance expense on financial assets not measured at fair value through profit and loss	21	16
Losses on derivative financial instruments	1,502	-
Total finance expense	1,523	16

8. (Loss)/Profit on ordinary activities before taxation

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
(Loss)/Profit on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation of intangible assets	142	192
Disposal of software in development	-	773
Depreciation on property, plant and equipment	101	119
Loss/(profit) on disposal of property, plant and equipment	4	(11)
Operating lease charges	223	256
Foreign exchange gains	(136)	(403)

Auditors' remuneration was as follows:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Fees for the audit of the Company	36	31

Ski Bound Limited
Notes to the financial statements for the year ended 30 September 2017

9. Employees and Directors

Employee costs for the Company during the year were:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Wages and salaries	3,083	3,805
Social security costs	324	354
Other pension costs	111	135
	<u>3,518</u>	<u>4,294</u>

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

	Year ended 30 September 2017 Number	Year ended 30 September 2016 Number
Selling	24	25
Administration and operations	70	83
	<u>94</u>	<u>108</u>

Directors' remuneration

The details of Directors' remuneration are as follows:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Directors' remuneration	264	276
Pension contributions	74	15
	<u>338</u>	<u>291</u>

Two Directors (2016: 2) were paid remuneration by the Company in the current year in respect of qualifying services. Other Directors received no remuneration for their services to the Company. The remuneration in respect of qualifying services is shown above. The aggregate remuneration of the highest paid Director was £136,805 (2016: £170,644) and Company pension contributions of £4,325 (2016: £11,512) were made to a money purchase scheme on his behalf.

Retirement benefits were accrued for two Directors under a money purchase pension scheme during the year (2016: 2), the cost of which was recharged to the Company by a fellow Group subsidiary.

Ski Bound Limited
Notes to the financial statements for the year ended 30 September 2017

10. Tax expense

The tax expense can be summarised as follows:

(i) Analysis of tax expense in the year

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Current tax:		
Amounts receivable from fellow subsidiaries for group relief	141	126
Adjustment in respect of prior periods	-	39
Total current tax	141	165
Deferred tax:		
Origination and reversal of temporary differences:	(278)	199
Effect of change in tax rate	4	15
Total deferred tax (Note 14)	(274)	214
Total tax (credit)/expense in the statement of total comprehensive income	(133)	379

(ii) Factors affecting the tax expense in the year

The tax credit (2016: expense) for the year ended 30 September 2017 is lower than (2016: higher than) the standard rate of corporation tax in the UK of 19.5% (2016: 20.0%). The differences are shown in the table below:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
(Loss)/profit on ordinary activities before taxation	(1,286)	1,527
(Loss)/profit on ordinary activities multiplied by the effective standard rate of UK corporation tax of 19.5% (2016: 20.0%)	(251)	305
Effects of:		
- Expenses not deductible for tax purposes	114	20
- Re-measurement of deferred tax – change in UK tax rate	4	15
- Adjustment in respect of prior periods	-	39
Total tax (credit)/expense in the statement of total comprehensive income	(133)	379

(iii) Factors affecting the future tax charge

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

The main UK corporation tax rate will reduce to 17% from 1 April 2020. At 30 September 2017, deferred tax assets and liabilities have been calculated based on the current UK corporation tax rate of 19%, or 17% where the temporary difference is expected to reverse after 1 April 2020. This reduction is also expected to reduce the Company's future current tax accordingly.

Ski Bound Limited
Notes to the financial statements for the year ended 30 September 2017

11. Intangible assets

	Software in development £'000	Computer software £'000	Total £'000
Cost:			
At 1 October 2016	317	1,593	1,910
Additions	18	14	32
Transfer to Computer Software	(7)	7	-
Transfer to other Group companies	(310)	(354)	(664)
At 30 September 2017	18	1,260	1,278
Accumulated amortisation and impairment:			
At 1 October 2016	-	831	831
Amortisation charge for the year	-	142	142
Amortisation on transfer to other Group companies	-	(182)	(182)
At 30 September 2017	-	791	791
Net book value:			
At 30 September 2017	18	469	487
At 30 September 2016	317	762	1,079

12. Property, plant and equipment

	Computer hardware £'000	Fixtures, fittings, equipment and skis £'000	Total £'000
Cost:			
At 1 October 2016	106	702	808
Additions	12	89	101
Transferred to another group company	(7)	(1)	(8)
Disposals			
At 30 September 2017	111	790	901
Accumulated depreciation:			
At 1 October 2016	93	502	595
Charge for the year	9	92	101
Charge on transfer to other Group companies	(5)	(1)	(6)
At 30 September 2017	97	593	690
Net book value:			
At 30 September 2017	14	197	211
At 30 September 2016	13	200	213

Ski Bound Limited
Notes to the financial statements for the year ended 30 September 2017

13. Investments

	Investments in subsidiary undertakings £'000
Cost:	
At 1 October 2016	68
At 30 September 2017	<u>68</u>
Impairment:	
At 1 October 2016	-
At 30 September 2017	<u>-</u>
Net book value:	
At 30 September 2017	68
At 30 September 2016	<u>68</u>

List of Investments at 30 September 2017:

Name of Undertaking	Country of Incorporation	Registered address	Share class	% held directly by the Company	Total % held by Group companies
CHS Tour Services Limited	UK	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD	GBP1.00 Ordinary shares	100	100
Francotel Limited	UK	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD	GBP 1.00 Ordinary shares	100	100
Travelbound European Tours Limited	UK	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD	GBP1.00 Ordinary shares	100	100
Le Piolet SCI	France	Les Menuires, 73440, Les Belleville.	EUR 15.2449 Ordinary shares	0.1	100
Molay Travel SCI	France	Le Chateau, 14330, Le Molay Littry.	EUR 15.2449 Ordinary shares	-	100
Skibound France SARL	France	Hotel Le Mont Charvin, 73590 Notre Dame de Bellecombe.	EUR 15.2449 Ordinary shares	0.2	100

The Directors believe that the book value of all existing Investments is supported by the higher of underlying net assets or their recoverable value.

14. Deferred tax assets and liabilities

	30 September 2017 £'000	30 September 2016 £'000
Amortisation in excess of capital allowances	150	166
Financial instruments	(7)	(292)
Other short-term temporary differences	11	6
	<u>154</u>	<u>(120)</u>

14. Deferred tax assets and liabilities (continued)

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

Deferred tax assets/(liabilities)	Amortisation in excess of capital allowances £'000	Financial Instruments £'000	Other short-term timing differences £'000	Total £'000
At 1 October 2015	81	6	7	94
Credited/(charged) to the statement of total comprehensive income	85	(298)	(1)	(214)
At 30 September 2016	166	(292)	6	(120)
Credited/(charged) to the statement of total comprehensive income	(16)	285	5	274
At 30 September 2017	150	(7)	11	154

Amortisation in excess of capital allowances principally relates to timing differences in respect of intangible assets. Financial instruments temporary differences arise in respect of financial instruments accounted for under IAS 39.

Other short-term timing differences relate to provisions that are only deductible when paid. There are no unrecognised deferred tax assets nor un-provided deferred tax liabilities at either 30 September 2017 or 30 September 2016.

15. Derivative financial instruments

	30 September 2017		30 September 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Forward foreign exchange contracts - cash flow hedges	270	(231)	1,540	-
Total	270	(231)	1,540	-
Less non-current portion:				
Forward foreign exchange contracts - cash flow hedges	8	(18)	-	-
Non-current portion	8	(18)	-	-
Current portion	262	(213)	1,540	-

Fair value measurements

Derivatives are valued in the market using discounted cash flow techniques. These techniques incorporate observable prices in active markets, such as interest rates and foreign currency exchange rates. These market-based inputs are used in the discounted cash flow calculation incorporating the instrument's term, notional amount, volatility and discount rate.

Forward foreign exchange contracts are used by the Company to mitigate against the risk of adverse foreign exchange losses on future expected payments to overseas hoteliers and other non-UK based suppliers.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months.

The amount recognised in the statement of total comprehensive income that arises from fair value hedges amounts to a loss of £1,502,000 (2016: £1,570,000).

Ski Bound Limited
Notes to the financial statements for the year ended 30 September 2017

16. Trade and other receivables

	30 September 2017 £'000	30 September 2016 £'000
Amounts due from Group undertakings	15,730	7,359
Deposits for accommodation and other services	739	702
Other debtors	98	112
Prepayments and accrued income	225	456
	<u>16,792</u>	<u>8,629</u>

Amounts due from Group undertakings are unsecured, interest free and repayable on demand.

17. Trade and other payables

	30 September 2017		30 September 2016	
	Non-current £'000	Current £'000	Non-current £'000	Current £'000
Trade payables	-	134	-	282
Amounts due to Group undertakings	-	1,719	-	8,686
Other payables	-	728	-	30
Accruals and deferred income	-	10,277	165	9,124
	<u>-</u>	<u>12,858</u>	<u>165</u>	<u>18,122</u>

Amounts due to Group undertakings are unsecured, interest free and repayable on demand.

18. Provisions for liabilities

Analysis of the movements during the year:

	Dilapidations £'000
At 1 October 2016	568
Additional dilapidation provision	72
At 30 September 2017	<u>640</u>

Dilapidations

Hotel dilapidation costs are expected to be incurred within the next year.

19. Operating lease commitments

The Company's total obligations under non-cancellable operating lease contracts are payable as follows:

	30 September 2017 £'000	30 September 2016 £'000
No later than 1 year	17	218
Later than 1 year and no later than 5 years	185	-
	<u>202</u>	<u>218</u>

Operating lease commitments are primarily in respect of a property located in Brighton.

Ski Bound Limited
Notes to the financial statements for the year ended 30 September 2017

20. Called up share capital

	30 September 2017 £'000	30 September 2016 £'000
Issued and fully paid		
22,250,003 (2016: 22,250,003) ordinary shares of £1.00 each	22,250	22,250

21. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Merger	Amounts arising on the merger of CHS Tour Services GmbH on 1 October 2015.
Profit and loss account	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

22. Merger of Ski Bound Limited and CHS Tour Services GmbH

On 1 October 2015, the Company merged with CHS Tour Services GmbH, previously a subsidiary of the Company. No consideration was paid for this merger. The book value of net assets obtained on the date of merger was £2,187,000 and £2,187,000 has been recognised in the merger reserve.

23. Post balance sheet events

On 26th February the Travelopia Group announced its intention to sell its Education Division which includes the Skibound business. The sale process is planned to take place over the spring and summer of 2018.

24. Contingent liabilities

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

25. Ultimate parent company and controlling party

The ultimate controlling party of the Company is KKR & Co L.P on behalf of funds under its management. The immediate parent company is Trek Investco Limited.

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