

Ski Bound Limited
Reports of the Directors and financial statements
for the year ended 30 September 2018
Company number 1873956



Ski Bound Limited
Reports of the Directors for the year ended 30 September 2018

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 2018.

STRATEGIC REPORT

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

On 6 July 2018, the Company acquired 99.8% of the share capital of Skibound France Sarl and Molay Travel Sarl, for the consideration of £4,727,830 from a company under common control. Both companies are incorporated in France. Refer to Note 13 for details.

Review of the business

The Company's profit on ordinary activities before taxation for the year ended 30 September 2018 was £1,877,000 (2017: Loss 1,286,000). No dividends were paid during the year (2017: £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 2018 No./£'000	Year ended 30 September 2017 No./£'000
Number of passengers	51,956	52,153
Revenue	33,611	33,602
Average revenue per passenger	0.647	0.644
Profit/(Loss) on ordinary activities before taxation	1,877	(1,286)
Net assets	11,047	9,640

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.

Revenue was marginally up in the year at £33,611,000. Good trading performances in our Ski Club Hotel and Core Travelbound branded businesses were offset by a slower year in our Student business following a successful 2017. 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 impacts has led to increasing cost pressures. Despite these we managed to hold margin and overhead costs which combined with gains on financial instruments (compared to losses in 2017) resulted in an operating profit of £1,510,000 compared with an operating profit in the previous year of £129,000.

Funding, liquidity and going concern

At 30 September 2018, the Company had net assets of £11,047,000 (2017: £9,640,000) and net current assets of £6,317,000 (2017: £9,370,000). 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.

STRATEGIC REPORT (continued)

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 including ABTA and ATOL membership and compliance. 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. In the event of the Company leaving the group it will potentially have to adapt some of the internal controls to operate in the new ownership structure.
- **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 had 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 22 March 2019

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 (Resigned 12 September 2018)

B D L Jones

B G Robinson

N K Rust

Directors' Insurance

Throughout the financial year, 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:

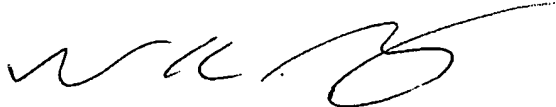
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in 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.

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

A handwritten signature in black ink, appearing to read 'N K Rust', with a long horizontal flourish extending to the right.

N K Rust
Director

Company Number 1873956

Dated 22 March 2019

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 2018 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

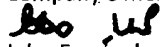
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.


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

Date: 22 March 2019

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 2018

		Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
	Note		
Revenue		33,611	33,602
Cost of sales		<u>(27,605)</u>	<u>(27,927)</u>
Gross profit		6,006	5,675
Administrative expenses		<u>(4,496)</u>	<u>(5,546)</u>
Operating profit		1,510	129
Finance income	6	402	108
Finance expense	7	<u>(35)</u>	<u>(1,523)</u>
Profit/(loss) on ordinary activities before taxation	8	1,877	(1,286)
Tax (expense)/credit	10	<u>(470)</u>	<u>133</u>
Profit/(loss) for the financial year attributable to owners of the parent		1,407	(1,153)
Total comprehensive profit/ (loss) for the year attributable to owners of the parent		<u>1,407</u>	<u>(1,153)</u>

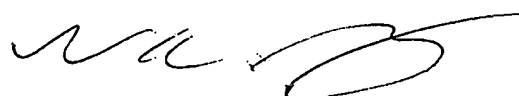
The notes on pages 11 to 23 form part of these financial statements.

Ski Bound Limited
Balance sheet as at 30 September 2018

	Note	30 September 2018 £'000	30 September 2017 £'000
Non-current assets			
Intangible assets	11	383	487
Property, plant and equipment	12	187	211
Investments in subsidiaries	13	4,796	68
Deferred tax assets	14	347	154
Derivative financial assets	15	-	8
		<u>5,713</u>	<u>928</u>
Current assets			
Trade and other receivables	16	13,717	16,792
Derivative financial assets	15	198	262
Cash and cash equivalents		<u>6,971</u>	<u>5,634</u>
		<u>20,886</u>	<u>22,688</u>
Total assets		<u>26,599</u>	<u>23,616</u>
Current liabilities			
Trade and other payables	17	(13,624)	(12,858)
Income tax – group relief payable		(910)	(247)
Derivative financial liabilities	15	(35)	(213)
		<u>(14,569)</u>	<u>(13,318)</u>
Non-current liabilities			
Derivative financial liabilities	15	-	(18)
Provisions for liabilities	18	(983)	(640)
		<u>(983)</u>	<u>(658)</u>
Total liabilities		<u>(15,552)</u>	<u>(13,976)</u>
Net assets		<u>11,047</u>	<u>9,640</u>
Equity			
Called up share capital	20	22,250	22,250
Merger reserve	21	2,187	2,187
Profit and loss account	21	(13,390)	(14,797)
Total equity		<u>11,047</u>	<u>9,640</u>

The notes on pages 11 to 23 form part of these financial statements.

The financial statements on pages 8 to 23 were approved and authorised for issue by the Board of Directors on 22 March 2019 and signed on its behalf by:



N K Rust
Director
Company number 1873956

Ski Bound Limited
Statement of changes in equity for the year ended 30 September 2018

	Note	Called up share capital £'000	Merger reserve £'000	Profit and loss account £'000	Total equity £'000
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
Total comprehensive profit for the year		-	-	1,407	1,407
At 30 September 2018		<u>22,250</u>	<u>2,187</u>	<u>(13,390)</u>	<u>11,047</u>

The notes on pages 11 to 23 form part of these financial statements.

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.

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

There were no new standards or interpretations effective for the first time for the periods beginning on or after 1 October 2017 that had a material effect on the Company's financial statements.

3. Summary of significant accounting policies (continued)

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.

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.

3. Summary of significant accounting policies (continued)

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. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

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.

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.

3. Summary of significant accounting policies (continued)

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. 97% (2017: 97%) of revenue originates within the UK with 3% (2017: 3%) originating from the rest of the world.

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 recognized 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 23. 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) Dilapidation Provisions

Dilapidation provisions for the leased hotels are based on management's internal assessment of the restoration costs to return the hotels to their original state and condition at the end of the lease period.

b) Investments in subsidiary undertakings

Judgement is required in the assessment of the carrying amount of the investments in the Company's direct undertakings. Estimation of the recoverable amount of investments requires the Company to assess future cash flows projected to be generated by the direct undertaking and its subsidiaries which is dependent upon a variety of factors including prevailing economic conditions and consumer demand for those entities' products.

Ski Bound Limited
Notes to the financial statements for the year ended 30 September 2018

6. Finance income

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Interest income on loans to Group undertakings	277	95
Bank interest income	-	13
Total finance income on financial assets not measured at fair value through profit and loss	277	108
Gains on derivative financial instruments	125	-
Total finance income	402	108

7. Finance expense

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Bank interest expense	35	21
Losses on derivative financial instruments	-	1,502
Total finance expense	35	1,523

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

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Profit/(Loss) on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation of intangible assets	149	142
Depreciation on property, plant and equipment	123	101
Loss on disposal of property, plant and equipment	5	4
Operating lease charges	274	223
Foreign exchange gains	-	(136)

Auditors' remuneration was as follows:

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Fees for the audit of the Company	38	36

9. Employees and Directors

Employee costs for the Company during the year were:

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Wages and salaries	2,633	3,083
Social security costs	291	324
Other pension costs	96	111
	<u>3,020</u>	<u>3,518</u>

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

	Year ended 30 September 2018 Number	Year ended 30 September 2017 Number
Selling	20	24
Administration and operations	62	70
	<u>82</u>	<u>94</u>

Directors' remuneration

The details of Directors' remuneration are as follows:

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Directors' remuneration	277	264
Pension contributions	16	74
	<u>293</u>	<u>338</u>

Two Directors (2017: 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 £154,687 (2017: £136,805) and Company pension contributions of £11,968 (2017: £4,325) 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 (2017: 2), the cost of which was recharged to the Company by a fellow Group subsidiary.

10. Tax expense

The tax expense can be summarised as follows:

(i) Analysis of tax expense in the year

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Current tax:		
Amounts payable to fellow subsidiaries for group relief	380	141
Adjustment in respect of prior periods	283	-
Total current tax	663	141
Deferred tax:		
Origination and reversal of temporary differences:	(23)	(278)
Adjustment in respect of prior years	(168)	-
Effect of change in tax rate	(2)	4
Total deferred tax (Note 14)	(193)	(274)
Total tax expense/(credit) in the statement of total comprehensive income	470	(133)

(ii) Factors affecting the tax expense in the year

The tax expense (2017: credit) for the year ended 30 September 2018 is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.5%). The differences are shown in the table below:

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Profit/(Loss) on ordinary activities before taxation	1,877	(1,286)
Profit/(Loss) on ordinary activities multiplied by the effective standard rate of UK corporation tax of 19% (2017: 19.5%)	357	(251)
Effects of:		
- Expenses not deductible for tax purposes	-	114
- Re-measurement of deferred tax – change in UK tax rate	(2)	4
- Adjustment in respect of prior periods	115	-
Total tax expense/(credit) in the statement of total comprehensive income	470	(133)

(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 2018, 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.

11. Intangible assets

	Software in development £'000	Computer software £'000	Total £'000
Cost:			
At 1 October 2017	18	1,260	1,278
Additions	-	45	45
Transfer to Computer Software	(18)	18	-
At 30 September 2018	-	1,323	1,323
Accumulated amortisation and impairment:			
At 1 October 2017	-	791	791
Amortisation charge for the year	-	149	149
At 30 September 2018	-	940	940
Net book value:			
At 30 September 2018	-	383	383
At 30 September 2017	18	469	487

12. Property, plant and equipment

	Computer hardware £'000	Fixtures, fittings, equipment and skis £'000	Total £'000
Cost:			
At 1 October 2017	111	790	901
Additions	16	95	111
Disposals	-	(248)	(248)
At 30 September 2018	127	637	764
Accumulated depreciation:			
At 1 October 2017	97	593	690
Charge for the year	9	114	123
Disposals	-	(236)	(236)
At 30 September 2018	106	471	577
Net book value:			
At 30 September 2018	21	166	187
At 30 September 2017	14	197	211

Ski Bound Limited
Notes to the financial statements for the year ended 30 September 2018

13. Investments

	Investments in subsidiary undertakings £'000
Cost:	
At 1 October 2017	68
Additions during the year	4,728
At 30 September 2018	<u>4,796</u>
Impairment:	
At 1 October 2017	-
At 30 September 2018	<u>-</u>
Net book value:	
At 30 September 2018	<u>4,796</u>
At 30 September 2017	<u>68</u>

On 6 July 2018 SkiBound Ltd acquired 99.8% of the shares of SkiBound France Sarl and 100% of the shares of Molay Travel Sarl from Travelopia France Sarl, for a total consideration of £4,728,000.

List of investments at 30 September 2018:

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	100	100
Molay Travel SARL	France	Le Chateau, 14330, Le Molay Littry.	EUR 15.2449 Ordinary shares	100	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 2018 £'000	30 September 2017 £'000
Amortisation in excess of capital allowances	191	150
Financial instruments	(31)	(7)
Other short-term temporary differences	187	11
	<u>347</u>	<u>154</u>
 The amount of deferred tax expected to reverse within one year is as follows :		
	30 September 2018 £'000	30 September 2017 £'000
Deferred tax asset due within 12 months	187	11
Deferred tax liabilities due within 12 months	(31)	(7)
	<u>156</u>	<u>4</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 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
Credited/(charged) to the statement of total comprehensive income	41	(24)	176	193
At 30 September 2018	191	(31)	187	347

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 2018 or 30 September 2017.

15. Derivative financial instruments

	30 September 2018		30 September 2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Forward foreign exchange contracts - cash flow hedges	198	(35)	270	(231)
Total	198	(35)	270	(231)
Less non-current portion:				
Forward foreign exchange contracts - cash flow hedges	-	-	8	(18)
Non-current portion	-	-	8	(18)
Current portion	198	(35)	262	(213)

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 profit/(loss) of £125,000 (2017: (£1,502,000)).

16. Trade and other receivables

	30 September 2018 £'000	30 September 2017 £'000
Amounts due from Group undertakings	12,514	15,730
Deposits for accommodation and other services	768	739
Other debtors	88	98
Prepayments and accrued income	347	225
	<u>13,717</u>	<u>16,792</u>

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

17. Trade and other payables

	30 September 2018 Current £'000	30 September 2017 Current £'000
Trade payables	811	134
Amounts due to Group undertakings	2,426	1,719
Other payables	69	728
Accruals and deferred income	10,318	10,277
	<u>13,624</u>	<u>12,858</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 2017	640
Additional dilapidation provision charged to the income statement	343
At 30 September 2018	<u>983</u>

Dilapidations

Hotel dilapidation costs are expected to be incurred after more than one year.

19. Operating lease commitments

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

	30 September 2018 £'000	30 September 2017 £'000
No later than 1 year	154	17
Later than 1 year and no later than 5 years	463	185
	<u>617</u>	<u>202</u>

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

20. Called up share capital

	30 September 2018 £'000	30 September 2017 £'000
Issued and fully paid		
22,250,003 (2017: 22,250,003) ordinary shares of £1.00 each	<u>22,250</u>	<u>22,250</u>

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. Contingent liabilities

In September 2018, 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 2018, the total liability for which the Company is a cross guarantor amounted to £nil.

23. Ultimate parent company and controlling party

The ultimate controlling party of the Company is KKR & Co Inc (formerly KKR & Co L.P) on behalf of funds under its management. The immediate parent company is Travelopia Holdings 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.

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 2019.