Ski Bound Limited
Reports of the Directors and financial statements
for the year ended 30 September 2020
Company number 1873956

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 2020. The Company is a wholly owned subsidiary within the Travelopia Group of companies ("the Group"), headed in the UK by Travelopia Group Holdings Limited (previously named Tim Intermediateco Limited until 30 April 2020).

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

Review of the business
The Company's loss on ordinary activities before taxation for the year ended 30 September 2020 was £146,000 (2019: Profit £1,577,000). No dividends were paid during the year (2019: £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 2020 No./£'000	Year ended 30 September 2019 No./£'000
Number of passengers	**28,397**	54,108
Revenue	**22,052**	36,131
Average revenue per passenger	**0.777**	0.668
(Loss)/profit on ordinary activities before taxation	**(146)**	1,577
Net assets	**12,228**	12,303

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 Company operated successfully during the first half of the financial year up until March 2020, however since the first United Kingdom national lock down in March 2020, in light of the Covid-19 pandemic, no departures took place for the rest of the financial year, with all scheduled departures for the second half of the year from April to September 2020 being either cancelled or postponed. As a consequence revenue for the year of £22,052,000 (2019: £36,131,000) was down 39% and passenger numbers were down 48% and gross profit for the year of £2,848,000 (2019: £6,204,000) was down 54% as a result. Average revenue per customer of £777 (2019: £668) was up reflecting the fact that lower priced summer departures under our Travelbound brand were cancelled in the year.

To help mitigate the reduction in gross profit, the Company reduced administrative costs wherever possible, and made use of the UK government's Coronavirus Job Retention Scheme. Administrative expenses and other operating income were reduced by 27% to £3,633,000 (2019: £4,986,000).

As a result of the lower volumes the Company made a loss for the year before tax of (£146,000) (2019: profit of £1,577,000).

As a result of the pandemic trading conditions in Europe and long haul remain extremely challenging and at the date of signing these accounts the Company does not expect any bookings to depart during the financial year ending 30 September 2021.

Funding, liquidity, post balance sheet events and going concern
At 30 September 2020, the Company has net assets of £12,227,000 (2019: £12,303,000) and net current assets of £8,269,000 (2019: £8,115,000).

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

STRATEGIC REPORT (continued)

Funding, liquidity, post balance sheet events and going concern (continued)
As part of their assessment of going concern, the Directors of the Company considered the funding and liquidity position of the Company, together with cash flow forecasts of the Company, details of which are set out in Note 2.

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

On 4 May 2020, the Directors of the Group obtained a covenant testing holiday from its Senior Lenders for a period of four financial quarters commencing on and including 30 June 2020 in relation to its Net Debt: Adjusted EBITDA ratio covenant ('net debt covenant'). A minimum liquidity covenant was agreed to be put in place for the period of the net debt covenant holiday and this covenant has subsequently been satisfied. Given the ongoing disruption to travel in 2021, an extension to the net debt covenant holiday will be necessary and it is expected that the period that the minimum liquidity covenant is in place will also be extended. Remaining compliant with the liquidity covenant is dependent upon cashflows arising from either the expected return of international travel or alternative financing being obtained. The Directors of the Group have yet to formally commence discussions with its Senior Lenders to extend the net debt covenant holiday (and therefore conclude their assessment of going concern for the Group financial statements). However, based on the medium-term outlook for the Group and the strength of relationship with its Senior Lenders, the Directors of TGHL have a reasonable expectation that a further extension to the net debt covenant testing holiday will be agreed.

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

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

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

Following this assessment, the Directors have a reasonable expectation that the Company has sufficient financial resources to continue in existence for the foreseeable future. Accordingly, they have concluded that it is appropriate to prepare these financial statements on a going concern basis and therefore do not include any adjustments that would result if the Company were unable to continue as a going concern.

Subsequent to the year end, £7.9m of amounts due from Group undertakings have been settled. To effect an internal Group restructure, on 11 January 2021, the Company was sold by its former parent company, Travelopia Holdings Limited, to Experiential Student Travel Group Limited, another intermediate parent Company within the Travelopia Group.

Future developments
At the date of signing of the accounts significant disruption is continuing in global travel markets and the Company does not expect any departures to take place during the financial year ending 30 September 2021. The Company will continue with cost saving measures whilst the period of disruption continues with a focus on rebuilding towards pre COVID19 levels of activity and revenue as soon as possible in the future.

Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101")
The Company continues to use FRS 101 as its basis of accounting.

STRATEGIC REPORT (continued)

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

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

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

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

- **Liquidity and cashflow risk.** The current global travel restrictions impact the Company and Group's ability to operate and deliver its core products and thus generate revenues. As the duration of such restrictions is currently unknown, there is a risk that if global travel restrictions do not ease within anticipated timeframes then this may have an impact as described in Note 2 of these financial statements.
- **Health and Safety.** Ensuring the health and safety of guests and employees is of paramount importance. The immediate risk when operations can restart is the risk of transmission of the coronavirus to our customers. There is the risk of severe illness or death to guests or employees whilst on one of our operated tours, whether this arises as a result of Covid-19 or accidents. The Company strives to mitigate this where it can with policies and procedures in place to reduce transmission and accidents, but it is acknowledged it is impossible to guarantee our guests a Covid-19 free tour. Incidents could also result in reputational and financial damage to the Company and would likely have financial consequences. Insurance policies are in place where practicable in the event that incidents occur, but these cannot cover the health risk caused by Covid-19. The Company is committed to ensuring the health and safety of all of its guests and employees, with health and safety being given the highest profile throughout the Company and Group, instilled within the our businesses' culture and shared with our guests.
- **Destination disruption risk.** Tour operators are exposed to the inherent risk of domestic and international incidents affecting operations at those destinations. This includes not only the global travel restrictions caused by Covid-19, but also disruption caused by outbreaks of other diseases, war, political instability and terrorism. All of these events, as we saw at the onset of the global pandemic, can cause significant operational disruption and costs to our business. We follow the UK Government's Foreign Office advice in our source markets to minimise the exposure of our customers.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

- **Market risk, including customer demand.** The Company relies heavily on the demand from its UK customer base to take Skibound and Travelbound tours across the world. Changes in macroeconomic and global travel conditions can affect customers demand and willingness to travel, as well as spending power, all of which weaken demand and reduce revenues and margins. 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 evolve their web-based offering. Climate change and global sustainability may also impact regulation in our industry and influence consumer preferences, more so when there is a return to travel. Terrorism can also affect demand from source markets. There is the risk that if we do not respond adequately to those trends or if our products and services fail to meet changing guest demands and preferences, our revenues and profitability may 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 across a range of geographies, which exposes us to a range of legal, tax and other regulatory laws, which must be complied with. Failure to comply may result in fines or sanctions from regulatory bodies, such as the Civil Aviation Authority in the UK, which require us to comply with their regulations. Failure to do so could result in the removal of the licence.
- **Cyber security.** We are responsible for protecting the confidentiality, integrity and availability of the data we have for our guests, employees and suppliers. Failure to ensure we have the appropriate level of information security controls increases the risk that an information security breach is not prevented, detected or adequately remediated. This could result in reputational damage, remediation costs and financial penalties for a breach of data protection legislation. We continuously enhance our information security posture to mitigate the risk.
- **Technology risk.** Online systems, websites and platforms form a significant part of the Company's ability to build, develop and sell its products. This would be temporarily disrupted by a technology failure or slowdown. Our businesses continue to upgrade and/or overhaul existing technologies and invest in new technologies to improve their resilience and to enhance the Company's products and services. Failure to successfully implement new IT systems may impact our competitiveness, quality of customer experience and operational efficiency. This could be detrimental to the Company's profitability, in terms of lost bookings, cash outflows and asset impairments.
- **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.
- **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 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.

STRATEGIC REPORT (continued)

Financial instrument risks

- **Foreign currency exchange risk.** The Company operates internationally and is exposed to foreign currency exchange risk on transactions denominated in a currency other than UK Sterling. The two main currencies that the Company is exposed to are the Euro and US Dollars. A fall in Sterling compared to these two currencies would cause our UK companies selling to those destinations to see an increase in their underlying cost base, if not already hedged against. The Company enters into derivative financial instrument contracts to forward purchase their foreign currency requirements to mitigate the risk of foreign currency losses.
- **Credit risk.** The Company and Group have significant cash and cash equivalent balances throughout the year and the majority of this is held with three global banking groups. Credit risk in this respect refers to the risk that one of these banking groups were to default on its contractual obligations resulting in financial loss to the wider Group and Company. The Group therefore uses highly reputable and financially strong banking groups with which to deposit its material cash balances. The Company sells its tours directly to the end customers, credit risk is considered to be limited as our end customers are required to pay in full ahead of departure.

On behalf of the Board

N K Rust

N K Rust
Director

Company Number 1873956 Dated: 29 April 2021

DIRECTORS' REPORT

Directors

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

B D L Jones (resigned 5 November 2019)
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;
- 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.

Carbon emissions statement

The Company is exempt from the requirements to disclose its greenhouse gas emissions and energy consumption as required by The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 as disclosures have been included and disclosed within the Group financial statements of Travelopia Group Holdings Limited. Details for obtaining the Group financial statements of Travelopia Group Holdings Limited can be found in Note 26.

On behalf of the Board

N K Rust
Director

Company Number 1873956

Dated: 29 April 2021

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 2020 which comprise the Statement of total comprehensive income, Balance sheet and Statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Reports of the Directors and financial statements, 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 Directors' report.

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

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

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

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

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

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

Use of our report

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

BDO LLP

Dominic Stammers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
30 April 2021

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

	Note	**Year ended 30 September 2020 £'000**	Year ended 30 September 2019 £'000
Revenue		**22,052**	36,131
Cost of sales		**(19,204)**	(29,927)
Gross profit		**2,848**	6,204
Administrative expenses		**(3,958)**	(4,986)
Other income – Government grants	9	**325**	-
Operating (loss)/profit		**(785)**	1,218
Finance income	6	**681**	405
Finance expense	7	**(42)**	(46)
(Loss)/profit on ordinary activities before taxation	8	**(146)**	1,577
Tax credit/(expense)	10	**70**	(321)
(Loss)/profit for the financial year attributable to owners of the parent		**(76)**	1,256
Total comprehensive (loss)/income for the year attributable to owners of the parent		**(76)**	1,256

The notes on pages 13 to 31 form part of these financial statements.

Ski Bound Limited
Balance sheet as at 30 September 2020

	Note	30 September 2020 £'000	30 September 2019 £'000
Non-current assets			
Intangible assets	11	**207**	272
Property, plant and equipment	12	**155**	241
Right of use assets	13	**291**	-
Investments in subsidiaries	14	**4,796**	4,796
Deferred tax assets	15	**395**	368
		5,844	5,677
Current assets			
Trade and other receivables	17	**11,517**	13,321
Derivative financial assets	16	**443**	255
Cash and cash equivalents		**8,308**	10,071
		20,268	23,647
Total assets		**26,112**	29,324
Current liabilities			
Trade and other payables: amounts falling due within one year	18	**(11,532)**	(14,698)
Lease liabilities	13	**(145)**	-
Income tax – group relief payable		**(299)**	(723)
Derivative financial liabilities	16	**(23)**	(111)
		(11,999)	(15,532)
Non-current liabilities			
Trade and other payables: amounts falling due over one year	19	**(275)**	(224)
Lease liabilities	13	**(152)**	-
Provisions for liabilities	20	**(1,459)**	(1,265)
		(1,886)	(1,489)
Total liabilities		**(13,885)**	(17,021)
Net assets		**12,227**	12,303
Equity			
Called up share capital	22	**22,250**	22,250
Merger reserve	23	**2,187**	2,187
Profit and loss account	23	**(12,210)**	(12,134)
Total equity		**12,227**	12,303

The notes on pages 13 to 31 form part of these financial statements.

The financial statements on pages 10 to 31 were approved and authorised for issue by the Board of Directors on 29 April 2021 and signed on its behalf by:

N K Rust

N K Rust
Director
Company number 1873956

	Note	Called up share capital £'000	Merger reserve £'000	Profit and loss account £'000	Total equity £'000
At 30 September 2018		22,250	2,187	(13,390)	11,047
Total comprehensive income for the year		-	-	1,256	1,256
At 30 September 2019		22,250	2,187	(12,134)	12,303
Total comprehensive loss for the year		-	-	(76)	(76)
At 30 September 2020		**22,250**	**2,187**	**(12,210)**	**12,227**

The notes on pages 13 to 31 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, 108 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 Standard ("IFRS").

The Company continues to use FRS101 as the basis of accounting. In addition to adopting FRS 101, the Company also elected to adopt both the provisions of Statutory Instrument 2015 No.980 'The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015' ("SI 980") 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.

Going concern

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

As part of their assessment of going concern, the Directors of the Company have considered the funding and liquidity position together with cash flow forecasts of the Company for the period from the date of approval of these financial statements through to 30 September 2022 to determine the appropriateness of preparing the financial statements on a going concern basis. At 30 September 2020, the Company had £12,227,000 (2019: £12,303,000) of net assets, including £8,308,000 (2019: £10,071,000) of cash. At the date of signing these financial statements, the Company's net cash balance was approximately £16,843,000.

In accordance with our regulation by the Civil Aviation Authority ('CAA'), the Company forms part of a ring-fenced group of subsidiaries within the Travelopia Group that are required to comply with certain regulatory requirements. One of these requirements is that these ring-fenced Companies, in aggregate, should maintain sufficient liquidity that is as a minimum 70% of the value of customer monies throughout the financial year ('the 70% test'). Although the Company expects to have sufficient cash for the foreseeable future, other fellow group subsidiaries in the ring fence group may not and thus they may become reliant upon the Company to ensure this test is met. Compliance with this test is monitored and managed at a Group level to ensure that in aggregate the ring-fenced businesses comply with this test.

The Group have agreed a cure period with the CAA within which to cure a breach of the 70% test and failure to do so would trigger further discussions with the CAA with respect to the future outlook, recovery period and approach to satisfying the test over time. This could also result in other regulatory requirements being imposed on the business or possibly the withdrawal of the Company's ATOL licence. Any cure could require additional funding to be provided from Travelopia Group Holdings Limited ('TGHL') or its subsidiaries that are outside of the ring-fence group. Accordingly, the Directors have made enquiries of TGHL's directors as part of the going concern assessment.

2. Basis of preparation (continued)

Going concern (continued)

The Group continues to use external debt financing as part of a balanced capital structure, including a £100m term loan and £78m revolving credit facilities, both of which are fully drawn. The maturity dates of the Group's £100m term loan and revolving credit facility are unchanged at 15 June 2024 and 15 June 2023 respectively.

On 4 May 2020, the Directors of the Group obtained a covenant testing holiday from its Senior Lenders for a period of four financial quarters commencing on and including 30 June 2020 in relation to its Net Debt: Adjusted EBITDA ratio covenant ('net debt covenant'). A minimum liquidity covenant was agreed to be put in place for the period of the net debt covenant holiday and this covenant has subsequently been satisfied. Given the ongoing disruption to travel in 2021, an extension to the net debt covenant holiday will be necessary and it is expected that the period that the minimum liquidity covenant is in place will also be extended. Remaining compliant with the liquidity covenant is dependent upon cashflows arising from either the expected return of international travel or alternative financing being obtained. The Directors of the Group have yet to formally commence discussions with its Senior Lenders to extend the net debt covenant holiday (and therefore conclude their assessment of going concern for the Group financial statements). However, based on the medium-term outlook for the Group and the strength of relationship with its Senior Lenders, the Directors of TGHL have a reasonable expectation that a further extension to the net debt covenant testing holiday will be agreed.

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

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

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

Following this assessment, the Directors of the Company have a reasonable expectation that the Company will have sufficient financial resources to continue in existence for the foreseeable future. Accordingly, they have concluded that it is appropriate to prepare these financial statements on a going concern basis.

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 standards, amendments and interpretations

The Company applied IFRS 16 and IFRIC 23 for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

3. Summary of significant accounting policies (continued)

IFRS 16 Leases
IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The Standard is effective in the Company's financial statements for the financial year ended 30 September 2020.

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. The new Standard has been applied using the modified retrospective approach, with the cumulative effect of initially applying the Standard being recognised at the date of initial application. Prior periods have not been restated.

For contracts in place at the date of initial application, the Company has:
- elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4;
- elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 October 2019;
- not taken benefit from the use of hindsight for determining the lease term when considering options to extend and terminate leases, but has instead treated any changes to the lease term as a modification in the financial year;
- for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, applied the optional exemptions to not recognise right of use assets but to account for the lease expense on a straight line basis over the remaining lease term;
- taking these elections into account, measured the lease liability at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application;
- elected to measure the right of use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition; and
- instead of performing an impairment review on the right of use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition to IFRS 16, the Company recognised an additional £436,000 of right of use assets and £436,000 of lease liabilities, with no impact on retained earnings. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 October 2019. The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 4.5%.

The following is a reconciliation of total operating lease commitments at 30 September 2019 (as disclosed in the financial statements as at 30 September 2019) to the lease liabilities recognised at 1 October 2019:

	£'000
Operating lease commitments at 30 September 2019 as disclosed in the Company's financial statements	**463**
Discounted using incremental borrowing rate at 1 October 2019	424
Term differences between IAS 17 and IFRS 16	12
Lease liabilities recognised at 1 October 2019	**436**

Previous lease accounting policy under IAS 17
Leases where the lessor retains substantially all of the benefits and risks of ownership of the asset are classified as operating leases. Payments made under operating leases were recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received were recognised in the consolidated income statement as an integral part of the total lease expense over the term of the lease. Gains from sale and leaseback transactions were recognised immediately if the sale and leaseback terms were demonstrably at fair value.

4. Summary of significant accounting policies (continued)

New accounting policy under IFRS 16
The Company as a lessee
For any new contracts entered into on or after 1 October 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee
At lease commencement date, the Company recognises a right of use asset and a lease liability on the balance sheet.

The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Company depreciates the right of use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Company also assesses the right of use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments. Subsequent to initial measurement, the lease liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit and loss if the right of use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Within the balance sheet, right-of-use assets have been presented separately from property, plant and equipment, whilst lease liabilities have also been presented separately.

IFRIC 23 'Uncertainty over income tax treatments'
The IFRIC clarifies the recognition and measurement of IAS 12 'Income taxes' when there is uncertainty over the tax treatment until such time that the relevant tax authority or court takes a decision in the future. Consequently, a dispute or examination of a particular tax treatment may affect a company's accounting for a current or deferred tax asset or liability. This IFRIC has not had a material impact on the accounting for uncertain tax treatments at the date of adoption at 1 October 2019.

3. Summary of significant accounting policies (continued)

Revenue

The Company recognises revenue from the sale of holidays. Revenue is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Revenue is measured at the fair value of the contractual consideration received or receivable and represents amounts receivable for services in the normal course of business during the accounting period. Revenue is recognised net of discounts, value added tax, and other sales related taxes and is measured as the aggregate amount earned from holidays. Revenue from sale of holidays is comprised of one performance obligation and the transaction price is recognised over the duration of the holiday (taking the time elapsed from departure to return). For the sale of holiday-related services, the Company receives part payment of the holidays by way of a deposit from customers upon booking of the holiday. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised service to the customer and when the customer pays for that service will be one year or less.

The Company has adopted the exemption not to disclose the aggregate amount of the transaction price allocated to partially unsatisfied performance obligations as the contracts have an original expected duration of less than one year.

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

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.

3. Summary of significant accounting policies (continued)

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.

Impairment of non-financial assets
Non-financial assets not subject to amortisation are tested annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of total comprehensive income whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows.

Financial assets
The Company classifies its financial assets in the following categories: at fair value through profit and loss, and at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit and loss
Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedged. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

(ii) Financial assets at amortised cost
Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The financial assets at amortised cost comprise loans and receivables, and cash in the balance sheet.

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 using the effective interest method, less provision for impairment. The Company recognises a loss allowance for expected credit losses on all receivable balances from customers subsequently measured at amortised cost, using the 'general approach' permitted under IFRS 9.

Impairment of financial assets
The Company's financial assets held at amortised cost are assessed at the end of each reporting period for impairment. Impairment losses are incurred only if there is objective evidence of the impairment as a result of one or more events after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the asset that can be reliably estimated.

Cash and cash equivalents
Cash comprises cash at bank. The Company does not invest in deposits held on call with banks or other short term highly liquid investments.

Financial liabilities
Financial liabilities disclosed represent the Company's obligation valued at current market rates at year end.

Intercompany
Balances represent the amounts due to, or receivable from Group companies within one year at year end and are held at amortised cost.

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.

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.

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.

3. Summary of significant accounting policies (continued)

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.

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

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority.

Called up share capital
Ordinary shares are classified as equity.

4. Reduced disclosures permitted by FRS 101

The Company meets the definition of a qualifying entity of Travelopia Group Holdings Limited, as defined by FRS 100, as the results of this Company are fully consolidated into the Group financial statements of Travelopia Group Holdings Limited. Details for obtaining the Group financial statements of Travelopia Group Holdings Limited can be found in Note 26. Where applicable and required by FRS 101, equivalent disclosures have been provided in the Group's consolidated financial statements in accordance with the Application Guidance to FRS 100. As such, the Company has taken advantage of the following disclosure exemptions as set out in paragraph 8 of FRS 101:

IFRS	Relevant paragraphs of IFRS	Disclosure exemptions taken
IFRS 7 'Financial instruments'	All paragraphs	All disclosure requirements.
IFRS 13 'Fair value measurement'	91 to 99	All disclosure requirements in respect of the valuation techniques and inputs used for the fair value measurement of assets and liabilities.
IAS 1 'Presentation of financial statements'	38	Paragraph 79(a)(iv) of IAS 1; and Paragraph 118(e) of IAS 38 'Intangible assets'.
	38 A to D	Certain additional comparative information.
	10(d) and 111	A statement of cash flows and related information.
	10(f) and 40 A to D	A balance sheet as at the beginning of the preceding financial period when an entity applies an accounting policy retrospectively or when it reclassifies items in its financial statements.
	16	A statement of compliance with all IFRS.
	134 to 136	Information on the Company's objectives, policies and processes for managing capital.
IAS 7 'Statement of cash flows'	All paragraphs	IAS 7 disclosures in full.
IAS 8 'Accounting policies, changes in accounting estimates and errors'	30 and 31	New standards and interpretations that have been issued but which are not yet effective.
IAS 24 'Related party transactions'	17 and the requirements to disclose transactions between two group subsidiaries.	Detailed related party transaction information including key management compensation and transactions with other wholly owned subsidiaries of the Group.
IFRS 15 'Revenue from contracts with customers'	The requirements of the second sentence of paragraph 110 and paragraphs 113(a) 114, 115, 118, 119(a) to (c), 120 to 127 and 129	Disaggregation of revenue, explanations of significant changes in contract balances, timing of satisfaction of performance obligations, unsatisfied performance obligations, significant judgements in the application of the standard

5. Critical accounting estimates and 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.

c) Significant judgement required in respect of recoverability of deferred tax assets

At 30 September 2020, the Company has recognised deferred tax assets on short temporary taxable differences of £395,000 (2019: £368,000). Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Significant judgement is required to determine this probability, with a requirement that it is 'more likely than not' to recognise the asset. In undertaking this assessment, the Directors have considered: the Company's two-year history of taxable profits; the losses incurred in the financial year and those expected in the coming financial year ending 30 September 2021; an expectation of a return to travel later in 2021; and the prospects for future taxable profits from 2022 when travel has returned.

d) Significant judgement and estimates required to determine expected credit losses on amounts due from Group undertakings

At 30 September 2020, the Company recognised £10,833,000 (2019: £11,396,000) of amounts due from Group undertakings. IFRS 9 requires the Directors to assess whether the credit risk on a financial asset has increased significantly since initial recognition, as well as the expected credit losses from that financial asset, both of which require significant judgement. In undertaking this assessment, the Directors of the Company have had regard for the matters outlined in Note 2 of these financial statements and have obtained a letter of support from Travelopia Group Holdings Limited confirming its intention to provide sufficient financial support to enable fellow Group subsidiaries to repay amounts due to the Company as they fall due. Following this assessment, the Directors have estimated the expected credit losses in respect of these amounts to be £nil (2019: £nil) and are thus satisfied that no impairment charge is required to be recognised in the income statement.

6. Finance income

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Interest income on loans to Group undertakings	**405**	405
Total finance income on financial assets not measured at fair value through profit and loss	**405**	405
Gains on derivative financial instruments	**276**	-
Total finance income	**681**	405

7. Finance expense

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Bank interest expense	**27**	27
Interest expense on lease liabilities	**15**	-
Losses on derivative financial instruments	**-**	19
Total finance expense	**42**	46

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

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation of intangible assets	**124**	134
Depreciation on property, plant and equipment	**112**	82
Gain on disposal of property, plant and equipment	**(16)**	(5)
Operating lease charges	**-**	216
Foreign exchange gain on revaluation	**(110)**	(177)

In the financial year ended 30 September 2019, fees incurred for the audit of the Company's financial statements was £36,000. In the financial year ended 30 September 2020, these fees have been incurred by the Company's parent company and an amount has been included within the management charge for this service. It has not been possible to identify the portion of the management charge that relates to audit fees.

9. Employees and Directors

Employee costs for the Company during the year were:

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Wages and salaries	**2,281**	3,021
Social security costs	**255**	311
Other pension costs	**106**	119
	2,642	3,451

	Year ended 30 September 2020	Year ended 30 September 2019
In respect of the employee costs above, the associated Government Grant furlough income was	**325**	-
	325	-

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

	Year ended 30 September 2020 Number	Year ended 30 September 2019 Number
Selling	**20**	20
Administration and operations	**58**	71
	78	91

9. Employees and Directors (continued)

Directors' remuneration
The details of Directors' remuneration are as follows:

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Directors' remuneration	**336**	319
Pension contributions	**18**	17
	354	336

Two Directors (2019: 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 £209,101 (2019: £188,426) and Company pension contributions of £13,204 (2019: £12,207) 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 (2019: 2), the cost of which was recharged to the Company by a fellow Group subsidiary.

10. Tax (credit)/expense
The tax (credit)/expense can be summarised as follows:

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

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Current tax:		
Amounts (receivable)/payable to fellow subsidiaries for group relief	**(43)**	343
Adjustment in respect of prior periods	**-**	-
Total current tax	**(43)**	343
Deferred tax:		
Current year	**16**	(43)
Adjustment in respect of prior years	**-**	-
Effect of change in tax rate	**(43)**	21
Total deferred tax (Note 15)	**(27)**	(22)
Total tax (credit)/expense in the statement of total comprehensive income	**(70)**	321

10. Tax (credit)/expense (continued)

(ii) Factors affecting the tax (credit)/expense in the year
The tax credit (2019: expense) for the year ended 30 September 2020 is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are shown in the table below:

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
(Loss)/profit on ordinary activities before taxation	**(146)**	1,577
(Loss)/profit on ordinary activities multiplied by the effective standard rate of UK corporation tax of 19% (2019: 19%)	**(27)**	300
Effects of:		
- Re-measurement of deferred tax – change in UK tax rate	**(43)**	21
- Adjustment in respect of prior periods	**-**	-
Total tax (credit)/expense in the statement of total comprehensive income	**(70)**	321

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

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

11. Intangible assets

	Software in development £'000	**Computer software £'000**	**Total £'000**
Cost:			
At 1 October 2019	3	1,343	1,346
Additions	-	59	59
Transfer to Computer Software	(3)	3	-
Disposals	-	(97)	(97)
At 30 September 2020	**-**	**1,308**	**1,308**
Accumulated amortisation and impairment:			
At 1 October 2019	-	1,074	1,074
Amortisation charge for the year	-	124	124
Disposals	-	(97)	(97)
At 30 September 2020	**-**	**1,101**	**1,101**
Net book value:			
At 30 September 2020	**-**	**207**	**207**
At 30 September 2019	3	269	272

12. Property, plant and equipment

	Computer hardware £'000	Fixtures, fittings, equipment and skis £'000	Total £'000
Cost:			
At 1 October 2019	174	577	751
Additions	15	11	26
Disposals	(62)	(81)	(143)
At 30 September 2020	**127**	**507**	**634**
Accumulated depreciation:			
At 1 October 2019	99	411	510
Charge for the year	31	81	112
Disposals	(62)	(81)	(143)
At 30 September 2020	**68**	**411**	**479**
Net book value:			
At 30 September 2020	**59**	**96**	**155**
At 30 September 2019	75	166	241

13. Leases

The Company has a lease contract with respect to a property in Brighton. The amounts recognised in the financial statements in relation to this lease is as follows:

(a) Carrying amount of right of use asset

	Land and buildings £'000
Cost:	
At 1 October 2019 on transition to IFRS 16	436
At 30 September 2020	**436**
Accumulated depreciation:	
Provided in the financial year	(145)
At 30 September 2020	**(145)**
Net book value	
At 30 September 2020	**291**

(b) Analysis of lease liabilities

	Land and buildings £'000
Cost:	
At 1 October 2019 on transition to IFRS 16	(436)
Repayments	154
Interest charged	(15)
At 30 September 2020	**(297)**

	Year ended 30 September 2020 £'000
Analysed as:	
Current	(145)
Non-current	(152)
	(297)

13. Leases (continued)

A maturity analysis of contractual undiscounted lease liabilities is set out below:

	Year ended 30 September 2020 £'000
Less than one year	(154)
One to two years	(154)
Total contractual undiscounted lease liabilities	**(308)**

(c) Amounts recognised in the statement of total comprehensive income

	Year ended 30 September 2020 £'000
Depreciation of right-of use assets (as analysed in the asset table above)	145
Interest expense on lease liabilities (included in finance costs)	15

14. Investments

	Investment in Subsidiary undertakings £'000
At 30 September 2019 and 2020	**4,796**

List of investments at 30 September 2020 and 2019:

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.

15. Deferred tax assets

	30 September 2020 £'000	30 September 2019 £'000
Amortisation in excess of capital allowances	**286**	224
Financial instruments	**(80)**	(25)
Other short-term temporary differences	**189**	169
	395	368

The amount of deferred tax expected to reverse within one year is as follows:	**30 September 2020 £'000**	30 September 2019 £'000
Deferred tax asset due within 12 months	**189**	169
Deferred tax liabilities due within 12 months	**(80)**	(25)
	109	144

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

Deferred tax assets	**Amortisation in excess of capital allowances £'000**	**Financial instruments £'000**	**Other short-term timing differences £'000**	**Total £'000**
At 1 October 2018	191	(31)	187	347
Credited/(charged) to the statement of total comprehensive income	33	6	(18)	21
At 30 September 2019	224	(25)	169	368
Credited/(charged) to the statement of total comprehensive income	62	(55)	20	27
At 30 September 2020	**286**	**(80)**	**189**	**395**

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 2020 or 30 September 2019.

16. Derivative financial instruments

	30 September 2020		30 September 2019	
	Assets £'000	**Liabilities £'000**	Assets £'000	Liabilities £'000
Forward foreign exchange contracts - cash flow hedges	**443**	**(23)**	255	(111)
Total	**443**	**(23)**	255	(111)

16. Derivative financial instruments (continued)

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 of £276,000 (2019: loss of £19,000).

17. Trade and other receivables

	30 September 2020 £'000	30 September 2019 £'000
Amounts due from Group undertakings	**10,833**	11,396
Deposits for accommodation and other services	**157**	957
Other debtors	**24**	149
Prepayments and accrued income	**503**	819
	11,517	13,321

Amounts due from Group undertakings are unsecured, interest free and repayable on demand, except for a loan to Travelopia Holdings Limited which accrues interest at a rate of 5.333%. The amount due from Travelopia Holdings Limited as at 30 September 2020 was £7.9m (2019: £7.5m). This loan was received in full after the financial year-end.

18. Trade and other payables: amounts falling due within one year

	30 September 2020 Current £'000	30 September 2019 Current £'000
Trade payables	**348**	372
Amounts due to Group undertakings	**3,840**	3,969
Other payables	**56**	64
Accruals and deferred income	**4,782**	10,293
Payments on account	**2,506**	-
	11,532	14,698

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

Payments on account relate to deposits received for 2020 bookings that did not depart due to the Covid-19 pandemic and had not been rebooked as future travel as at 30 September 2020. Amounts received in respect of future travel is included within deferred income.

19. Trade and other payables: amounts falling due over one year

	30 September 2020 £'000	30 September 2019 £'000
Accruals and deferred income	**275**	224
	275	224

20. Provisions for liabilities

Analysis of the movements during the year:

	Other Provisions £'000	**Dilapidations £'000**	**Total £'000**
At 1 October 2019	269	996	1,265
Additional provision	191	3	194
At 30 September 2020	**460**	**999**	**1,459**

Dilapidations

Hotel dilapidation costs relate to the costs of restoring hotels operated under long term lease contracts to their condition at the commencement of the lease contacts which are held by the Company's subsidiary entity in France. However, the Company is liable for the cost of the repairs which will be incurred in the event of termination of the lease agreements and are expected to be incurred after more than one year.

21. Operating lease commitments

Prior to 1 October 2019, the Company recognised operating leases in line with IAS 17. Leases where the Company does not retain substantially all the risks and rewards of ownership of the asset were classified as operating leases. Operating lease rental payments were recognised as an expense in the income statement on a straight-line basis over the lease term. The Company's total obligations under non-cancellable operating lease contracts as at 30 September 2019 in line with IAS 17 are payable as follows:

	30 September 2019 £'000
No later than 1 year	154
Later than 1 year and no later than 5 years	309
	463

From 1 October 2019, the Company no longer recognises operating leases in line with IAS 17 and instead recognises right-of-use assets and lease liabilities in line with IFRS 16. Refer to note 13 for further details

22. Called up share capital

	30 September 2020 £'000	30 September 2019 £'000
Issued and fully paid		
22,250,003 (2019: 22,250,003) ordinary shares of £1.00 each	**22,250**	22,250

23. 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.

24. Contingent liabilities

The Company continues to provide a cross guarantee between certain Group companies with Barclays Bank PLC in respect of the Group's overdraft facility for its UK Sterling denominated bank accounts. As at 30 September 2020, the total liability for which the Company is a cross guarantor amounted to £23.5m (2019: £3.7m).

25. Post balance sheet events

Subsequent to the year end, £7.9m of amounts due from Group undertakings have been settled. To effect an internal Group restructure, on 11 January 2021, the Company was sold by its former parent company, Travelopia Holdings Limited, to Experiential Student Travel Group Limited, another intermediate parent Company within the Travelopia Group.

26. Ultimate parent company and controlling party

The ultimate controlling party of the Company is KKR & Co. Inc, on behalf of funds under its management. The immediate parent company was Experiential Student Travel Group Limited up until 11 January 2021, at which date, the Company was sold to Travelopia Adventure Limited.

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