Travelopia Adventure Limited

Reports of the Directors and the financial statements for the financial year to 30 September 2022

Company Number: 01893401

The Directors present their Strategic and Directors' Reports on the audited consolidated financial statements of Travelopia Adventure Limited (the 'Company') for the financial year ended 30 September 2022. The Company is the parent company of certain subsidiaries (as listed in Note 30, and together, the 'Group') within the Travelopia group of companies ('the Travelopia Group') that are ring-fenced under the provisions of a Deed of Undertaking entered into with the Civil Aviation Authority ('CAA') on 20 January 2021. Following an internal group restructure in January 2021, the Company was acquired by Travelopia Group Holdings Limited ('TGHL'), which is the ultimate UK parent of the Travelopia Group.

STRATEGIC REPORT

Principal activity and business model

The Group's principal activity during the financial year continued to be that of a tour operator and experiential holiday provider, owning specialist travel brands and operating mainly from the United Kingdom, Ireland and France. The Company's principal activity is to act as a holding company.

The Group is headquartered in the UK and provides customers with unique travel experiences, including adventure travel, safaris, tailor-made luxury holidays, educational and sport based school trips and sport event fan travel. The Group caters for many different types of travellers, whether they're looking for an expertly led adventure or a tailor-made holiday.

The Group's dedication to delivering the very best travel experiences has resulted in praise from its customers, travel professionals and trade publications. The Group prides itself on offering an excellent customer experience, from the exceptional service and in-depth knowledge of its sales teams, to best-in-class tour guides around the world. As a result of this dedication, the Group has high customer satisfaction and loyalty across its brands.

The Group's businesses

Exodus Travels: The business has provided a range of premium adventure holidays and worldwide expeditions for over 45 years.

Tailormade: The Tailormade division focuses on luxury holidays and personalised itineraries for predominantly UK customers to worldwide destinations, through brands such as Hayes & Jarvis, Sovereign and Citalia. The division also provides holidays to customers living in Northern Ireland and the Republic of Ireland.

Events division: The Events division sells tours to major sporting events around the world, as well as hospitality packages to Wimbledon and other UK events. Annual, biennial and quadrennial events include cricket tours, the Lions Tour and the Rugby World Cup.

Education division: The Education division operates across the UK, France, Australia and New Zealand. The division provides a range of educational, expedition and leisure tours as well as residential trips to schools, colleges and universities.

Review of the business

This financial year has seen the return of travel following the Covid-19 global pandemic. The national lockdowns and travel restrictions in place during the previous financial year as a consequence of Covid-19 have generally lifted throughout the financial year, thereby allowing the Group to re-commence operations at scale. The timing of each division's operational season and when travel restrictions lifted determined the month in which revenue-generating operations could re-commence.

At Exodus Travels, operations recovered in the second half of the financial year, with revenues (before adjustments in respect of IFRS 15) being 60% of those achieved in the the same six month period of FY19, being the last time that the summer months were pre-pandemic.

Similarly in Tailormade, travel only returned at scale in the second half of the financial year, compared to a very low level of operations in FY21. This division also saw some disruption as a result of the operational challenges the UK airports and airlines experienced in the summer of 2022 as travel restrictions eased.

STRATEGIC REPORT (continued)

Our Events division was able to return to meaningful operations by the second quarter of the financial year once the UK Government eased all restrictions in the UK. The division saw strong demand for its Six Nations rugby and West Indies cricket tour events.

The long lead time in bookings in our Education division resulted in a slower post-Covid recovery. Whilst the JCA brand saw a return to operations in the summer with its activity holidays at Condover Hall, the combination of the long lead time in bookings and later easing of travel restrictions for schools meant that no meaningful ski operations could return for SkiBound's FY21/2 Winter Season.

To effectively measure the development, performance and position of the Group, the following KPIs are of most relevance.

KPI		Note	**Financial year ended 30 September 2022**	Financial year ended 30 September 2021
Number of passengers	Number		**128,124**	13,068
Revenue	£m	7	**150.7**	14.3
Adjusted EBITDA	£m		**2.8**	(18.7)
Loss before tax	£m		**(4.7)**	(26.8)
Cash	£m	22	**70.4**	38.7
Cash to client money ratio	%	22,23	**102**	87

Whilst there has been a significant increase in passenger and revenue numbers compared to the prior financial year, a better comparison can be made against FY20, when almost 90,000 passengers travelled with the Group in the first half of that financial year and then almost none from the pandemic's outset. In the financial year ended 30 September 2020, the Group achieved approximately £130.0m of revenues. The Directors are pleased to see the Group achieving a positive Adjusted EBITDA of £2.8m in the financial year following Adjusted EBITDA losses in both FY20 and FY21. With the Group's cost base reduced as a result of the actions taken throughout the pandemic, they anticipate a return to profitable travel in the forthcoming financial year.

The Group's loss before tax for the financial year ended 30 September 2022 was £4.7m (2021: £26.8m). Adjusted EBITDA is stated after the exclusion of items included in loss before tax. Whilst significant judgement can sometimes be required to determine the classification of separately disclosed items, the Directors consider that Adjusted EBITDA provides an alternative measure of performance to represent the underlying, maintainable results of the Group.

The table below sets out the reconciliation of the Group's Adjusted EBITDA to the Group's loss before tax:

	Note	**Year ended 30 September 2022 £m**	Year ended 30 September 2021 £m
Adjusted EBITDA		**2.8**	(18.7)
Depreciation, amortisation and impairment of non-acquisition related assets	10	**(3.2)**	(5.2)
Acquisition and disposal related items	11	**(0.6)**	(1.3)
Separately disclosed items	12	**(1.8)**	1.6
Operating loss		**(2.8)**	(23.6)
Net financial expenses	13, 14	**(1.9)**	(3.2)
Loss before tax		**(4.7)**	(26.8)

STRATEGIC REPORT (continued)

Items excluded from Adjusted EBITDA
Depreciation, amortisation and impairment charges on non-acquisition related assets amounted to £3.2m (2021: £5.2m), of which £1.8m (2021: £2.8m) was depreciation of property, plant and equipment and right of use assets. A further analysis of these charges is set out in Note 10. Additionally, acquisition and disposal related items mainly comprises of amortisation (and in FY21, impairment) charges on acqusition-related intangibles (namely brands and a customer relationship) of £0.6m (2021: £1.3m).

The Group has incurred £1.8m of separately disclosed costs in the financial year, all of which arose as a result of the global pandemic. Further details are provided in Note 12. In the prior year, in addition to £0.3m of Covid-19 related costs, the Group recognised separately disclosed income of £1.9m from the disposal of two ski hotels in France in December 2020, generating gross proceeds of €9.2m.

The purchase consideration for the acquisition of its subsidiaries in January 2021 was settled by way of £54.1m of loans being payable to the Travelopia Group, with £2.8m of interest being charged on these loans in the financial year (2021: £2.0m). Further details of financial income and expenses are provided in Notes 13 and 14.

Financial position
The Group ended the financial year with £70.4m (2021: £38.7m) of cash. The increased cash position at 30 September 2022 reflects the higher client monies that have been received in the financial year for travel in the forthcoming financial year as travel returns to pre-Covid levels. Additionally, the Group issued a total of £8.0m of share capital in the first quarter of the financial year. The Group has met the CAA's financial covenant test requiring it to have at least 70% of customer monies held in cash throughout the financial year and the Directors expect to do so for the foreseeable future.

The Group's intangible assets totalled £12.6m (2021: £13.4m), the majority of which related to the brands that were valued and recognised on the acquisition of the Travelopia Group in June 2017 and continue to be recognised in these consolidated financial statements under predecessor accounting rules, as explained in Note 3 of these financial statements.

Property, plant and equipment of £12.7m (2021: £12.6m) primarily consists of Condover Hall, the property owned by Travel Class Limited, which trades under the JCA brand. The property was sold and leased back under a ground rent deal in March 2021, raising proceeds of £5.1m. These proceeds are recognised as a financial liability in the Group's consolidated balance sheet of £5.0m at 30 September 2022 (2021: £4.8m), whilst the sale of the property was not recognised and the property is retained on the balance sheet.

As part of the structural separation of the Travelopia Group in January 2021, the Group acquired its subsidiaries by taking on £54.1m of interest-bearing loans payable to companies within the Travelopia Group, referred to as the Group's Acquisition Debt. The balance at 30 September 2022 of £58.7m (2021: £55.9m) reflects the £2.8m interest that has been charged in the financial year. Further details of these loans are provided in Note 25.

Excluding lease liabilities, total interest-bearing loans and borrowings amounted to £63.7m (2021: £60.7m) at the financial year end comprising of the Acquisition Debt and the financial liabiity on Condover Hall.

Total trade and other receivables have increased to £32.0m at 30 September 2022 from £14.2m at 30 September 2021, primarily as the Group has prepaid flight costs on customers' bookings for travel in the forthcoming financial year. The Group does not enter into commitments to buy minimum levels of flights or accommodation. Trade and other payables have increased to £112.5m at 30 September 2022 from £69.1m at 30 September 2021, in line with the re-commencement of operations across the Group. Customer deposits form the majority of the remaining trade payables balance, being £69.1m (2021: £44.7m) at the year end.

No dividends were paid during either financial year and the Directors do not recommend the payment of a final dividend.

STRATEGIC REPORT (continued)

Post balance sheet events and future developments
There have been no post balance sheet events that have had a material impact on the results of the Group for the financial year ended 30 September 2022.

Going concern
As part of their assessment of going concern, the Directors of the Company have considered the funding and liquidity requirements of the Group. The principal liquidity requirement is to ensure the Group meets the CAA covenant test of having a minimum 70% cash to client money ratio. Meeting this covenant test should ensure the Group has sufficient cash to meet its obligations as they fall due. The cash to client money ratio is forecasted and monitored each month.

Throughout the financial year, the Directors of the Company have continued to assess the Group's current and future cash levels and funding requirements. To do this, the Group prepares 13-week rolling cashflow forecasts, together with monthly forecasts for the remainder of the financial year ending 30 September 2023 ('FY23 forecast'), at divisional and Group level which, together with Strategic Plan for FY24 (being the financial year ending 30 September 2024), enable good short term and longer term liquidity outlook. The latest forecast and Strategic Plan form the basis of the Directors' going concern assessment, with the term used in the assessment period being at least one year from the date of signing these financial statements.

The FY23 forecast assumes a sustained recovery in travel over the whole period and beyond into FY24, without the return of significant global travel restrictions, this being a significant judgement made by the Directors. Within the Group's FY23 forecast, the date by when full travel (and hence profits and cashflows) recommences at pre-Covid levels is assessed on a division by division basis. This means that businesses with shorter sales lead times will recover more quickly than those with longer sales lead times. The key estimates that flow into the cashflow models not only include the Group's expected revenues and costs (and hence Adjusted EBITDA), but also include the impact of items such as the Group's working capital cashflow cycle, planned capital expenditure and expected tax payments.

As a result of the actions taken in the last two years to reduce costs and issue share capital, the Group started FY23 with a cash to client money ratio of over 100%. The combination of forward sales and actions being taken by the Group to optimise liquidity gives the Directors confidence that the Group is on track to achieve its FY23 forecast for both Adjusted EBITDA and cash.

Two models have been prepared to assess the Group's forecast cash profile and headroom. Firstly a base case that is driven by the latest FY23 forecast for each of the Group's divisions together with current and projected trading levels. As the Group's trading profile is such that customers book well ahead of departure, this enables good visibility and increased certainty around future cash flows that are factored into this base case model. Secondly, a severe but plausible downside model is prepared that sensitises the base case by reducing revenues over the assessment period on a division by division basis by between 10 and 25%, depending upon the level of forward sales by division. In neither model is the forecast cash need to meet the cash to client money ratio of 70% shown to be greater than the level of liquidity available to the Group.

With an expectation that the Group will have sufficient funds available to meet the 70% cash to client money ratio test over the assessment period under both base and severe but plausible models, the Directors 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.

STRATEGIC REPORT (continued)

Section 172 (1) Statement
The information provided below is intended to explain how the Directors considered the interest of the Company's key stakeholders and the broader matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duty to promote the success of the Company under section 172 of the Companies Act 2006. Their duty has been central to the Board's decision-making processes and outcomes. These consolidated financial statements represent a subset of the Travelopia Group, headed by the Company's parent, TGHL, the level at which this Group is managed at. As such, references to the term 'Group' in this Section 172 (1) Statement is synonymous between this Group and the Travelopia Group.

Long-term consequences of decision-making
The Group operates within a regulated environment in which regulators mandate certain protections over customer monies and compliance with various financial covenants. The Directors ensure adherence to these regulations and seek to grow the business within the regulatory environment within which it operates. With the Group's shareholders' desire being to maximise its value over time, a long term outlook underpins strategic decision-making at Board level.

When making decisions, the Board takes the course of action that it considers will lead to the success of the Group over the long term, which includes considering the broad range of stakeholders that interact with, and are impacted by, our operations. Processes are in place and regular meetings are held with the Executive Leadership Team ('ELT'), to ensure that the Board receives all relevant information to enable it to make well-judged decisions in support of the Group's long-term success.

The Board maintains oversight of the Group's performance, delegating day-to-day management and decision-making to its ELT, whilst reserving specific matters for approval, including strategic direction and significant new business initiatives. By receiving regular updates on business initiatives and plans, the Board is able to monitor how the ELT are performing in accordance with the agreed strategy.

Reputation for high standards of business conduct
The Board is responsible for ensuring integrity and transparency in its conduct. It has established systems of corporate governance and approved policies and procedures that promote corporate responsibility and ethical behaviour.

Key policies include an Anti-Bribery and Corruption policy and a Trade Sanctions policy. A whistleblower hotline has also been established where employees can report any concerns anonymously, including potential policy breaches. Further, as noted in the Directors' Report, the Group's Modern Slavery Act Statement describes the steps it has taken to ensure that slavery and human trafficking were not taking place in the context of any of the Group's businesses during the financial year.

Stakeholders and the Group's engagement with them
The Directors consider the following to be the Group's key stakeholders. The Board seeks to understand and balance the respective interests of each stakeholder, ensuring that they are duly and properly considered in the Board's decisions.

The Board ensures regular communication with the Group's stakeholders through various channels, including the provision of information through telephone calls, meetings and presentations and through submission of management reports. It is also two-way, so that the views of stakeholders can be considered in the decision-making process. Much of it takes place at an operational level, this being especially true in respect of the Group's customers and suppliers, with whom it deals with in the ordinary course of business on a day-to-day basis.

STRATEGIC REPORT (continued)

The Board considers and discusses information from across the organisation to help it understand the impact of the Group's operations and the interests and views of its key stakeholders. It also reviewed strategic, financial and operational performance, as well as information covering areas such as key risks and legal and regulatory compliance.

Owners. The Group is ultimately owned by KKR & Co. Inc ('KKR'), a leading global investment company that manages multiple alternative asset classes including private equity funds and which had completed private equity transactions with almost $700bn of total enterprise value by 30 September 2022. KKR take a partnership approach to ownership, enabling the Group to benefit from the breadth and expertise of their entire firm. They believe that the combination of their industry knowledge, investment experience and operational expertise, when partnering closely with management teams with a track record of success, provides them with an edge in identifying and creating value in investment opportunities. This structure also serves to ensure that all members of the Group (i.e. KKR and the ELT) are fairly represented and considered.

Regulators (including the CAA, CAR and ABTA). As a global travel group, the Group is regulated by a number of travel regulators and regulations. The Directors seek a constructive and cooperative relationship as they comply with applicable laws, regulations and licencing conditions. In January 2021, the Group completed an internal restructure to segregate the UK and Irish tour operators from the rest of the Travelopia Group and simplify the regulatory structure within which the Group operates. Flows of cash between this Group and the Travelopia Group are also regulated by the CAA with certain transactions requiring CAA consent.

The Group is also required to abide by IATA and other country specific laws and regulations in respective of matters such as payments for ticketing and the holding customer of monies.

Bond providers. A common feature of the regulated industry in which the Group operates is that of travel bonds, which provide a form of financial protection that some regulators require tour operators to provide, as an effective means of providing consumer protection.

Merchant card acquirers. The Group's merchant card acquirers provide customer payment services to ensure the safe receipt of monies. The Group provides its merchant acquirers with periodic financial reporting updates as the basis for its engagement with them.

Employees. The Group could not continue to provide the high quality experiences and strong levels of customer satisfaction without the hard work and dedication of all of its employees. The Board is highly appreciative of its employees and considers them in all decisions where appropriate. Regular communication with employees is undertaken through video and meeting presentations, 'town hall' meetings and emails.

Guests. Customer satisfaction is of upmost importance and we strive to exceed customer expectations in all products and experiences that we offer. We seek customer feedback at multiple touch points of the customer journey and look to improve and develop the customer experience, taking action based on the feedback received. We know that customers always have an alternative choice and we are proud of the loyal customer base that we have, strong customer satisfaction scores we receive and industry awards that we have won.

Suppliers. Given the breadth of our businesses and the products and experiences that we offer we have an equally broad range of suppliers that we rely on. We therefore choose our suppliers carefully to ensure that the quality and experience that our guests expect is surpassed and we have many strong and long standing supplier relationships. We carry out retenders where necessary and explore new offerings to ensure that we can continue to offer new, exciting and high quality products to our guests.

Communities. The Group actively engages with the communities in which it operates to build trust and understand the local issues that are important to them. Key areas of focus include how the Group can support local causes and issues, create opportunities to recruit and develop local people, while being responsible stewards of travel holidays. Throughout the Group, the Directors are committed to promoting responsible tourism. It aims to protect the environments and the local people in the destinations that its customers travel to, on which the long term success of the Group depends.

STRATEGIC REPORT (continued)

Exodus Travels, for example, empowers and protects the communities and environments they take its guests to through its Exodus Travels Foundation. Launched in 2019, the Foundation's mission is to harness the power of travel to improve life in hard-to-reach places. It consolidates decades of support for life-changing, community-based projects across the world, none of which could have happened without the long term motivation, generosity and endeavours of their community of colleagues, guests and partners.

Board decisions
The Board has always considered the impact of its decisions on its stakeholders and acknowledges that one decision can impact multiple stakeholders at the same time, some of which may be beneficial to one stakeholder but could be detrimental to others. In doing so, the Directors ensure that they act in the way they consider, in good faith, would most likely promote the success of the Group for the benefit of its shareholders and stakeholders as a whole.

The year continued to be a very challenging one for the Group as meaningful levels of operations re-commenced. Not only did the global pandemic have a significant impact on its customers' ability to travel in the first half of the financial year, it meant that the Directors have had to ensure sufficient liquidity remained in the Group to ensure it could continue to meet the CAA's financial covenant test and therefore continue to trade throughout the current financial year. The Board have taken the necessary decisions to continue to deliver on the long-term strategic objectives and has built a platform for future growth in order to maximise recovery over the next three years. These decisions have led to a number of actions such as as the issuance of share capital in the first quarter of the financial year and the authorisation for the Group to re-commence hiring sales and operational staff ahead of travel returning. In this financial year, the Group established a new subsidiary in South Africa to leverage the ability to work remotely and has been recruiting a number of sales and commerce employees in that country. The Directors also approved its Budget and Strategic Plan for the forthcoming financial year with the Group's owners.

Principal risks and uncertainties
Successful management of existing and emerging risks is critical to the long-term success of the Group and to the achievement of its 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 Group's governance and oversight.

The Covid-19 pandemic and challenging economic environment continue to impact the travel industry and have the potential to dampen demand. The Group's management continues to monitor developments closely so that swift action can be taken to react to ever-changing situations. Within this context, the principal risks and uncertainties throughout the Group are:

- **Liquidity and cashflow risk.** The Group's scenario modelling assumes that meaningful operations across Europe can continue to recover in FY23 and that the CAA's financial covenant of having 70% of cash to client money will be met under modelled scenarios. As such, the Directors are confident that the Group will have sufficient funds to ensure that it can continue as a going concern for at least the next twelve months from the date of signing these financial statements.

- **Health and Safety.** Ensuring the health and safety of guests and employees is of paramount importance. The Group 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 organisation and instilled within its businsses' culture. The Group strives to mitigate this where it can with policies and procedures in place to reduce incidents, whether they are accidents or Covid transmission. Strict policies and procedures also exist to manage and where possible, mitigate other health and safety risks that its customers may be exposed to while on holiday with the Group. Health and safety incidents could result in reputational damage and financial consequences for the Group and/or one of its brands.

STRATEGIC REPORT (continued)

- **Destination disruption.** Tour operators are exposed to the inherent risk of domestic and international incidents affecting operations in its destinations. This not only includes the global travel restrictions caused by Covid-19, but also natural catastrophes such as major hurricanes, earthquakes and tsunamis. Weather events that are exacerbated by climate change may increase the level of disruption in destinations. Destination disruption can also include outbreaks of other diseases, war, political instability and terrorism. All of these events can cause significant operational disruption and costs to Group's businesses. Having geographically diverse brands, destinations and products in the Group helps limit the exposure to any single destination and it seeks to redirect affected customers where possible and as appropriate. The Group follows government advice in its source and destination markets to minimise risk to its customers.

- **Market risk, including customer demand.** The Group relies heavily on the demand from its UK customer base to take experiential and tailor-made holidays. It monitors and assesses its customers' appetite for travel and for new post-pandemic trends in the face of increased costs of living. The Group constantly monitor prices, costs and booking levels to try and maximise customer demand and financial return.

- **Climate change.** The Directors continue to monitor global climate change developments, with Corporate Sustainability representation at ELT level. The Group's brands are reporting internally on their carbon emissions on a quarterly basis. The risks from climate change to the Group include changing consumer preferences, increased government regulations and operational costs resulting in reduced passenger volume and/or profit margins. Currently, the Directors do not consider there to be any significant risk to operations or asset valuations arising from climate change in the foreseeable future, but will continue to monitor this. Having geographically diverse brands, destinations and products in the Group will again help limit the exposure to any single destination.

- **Legal and regulatory compliance.** The Group operates across the world, which exposes us to a range of legal, tax and other regulatory laws, all of which must be complied with. Failure to comply may result in fines, sanctions or other implications, such as the loss of a mandatory travel licence. The Group has a Group Legal Compliance team who monitor compliance with laws and regulations and provides advice to businesses on specific areas.

- **Cyber security**. The Directors are responsible for protecting the confidentiality, integrity and availability of the data the Group has for its guests, employees and suppliers. Failure to ensure the Group has 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. The Group continuously enhances its information security procedures to mitigate this risk.

Details of financial risks are included in Notes 19, 22 and 28 of these consolidated financial statements.

Approval
This report was approved and signed on behalf of the Board on 6 March 2023.

D A Binefa
Director

Company Number: 01893401

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:

D A Binefa
S A Cowdry
S M Seward
R W Isaacs

Directors' insurance
Throughout the financial year until the date of approval of these financial statements, Travelopia Holdings Limited, a fellow subsidiary within the Travelopia Group, maintained Directors' and Officers' Liability insurance policies that would respond to cover Directors of the Company as well as subsidiaries of the wider Travelopia Group. These policies meet the Companies Act 2006 definition of a qualifying third party indemnity provision.

Statement as to disclosure of information to the auditor
The Company appointed Deloitte LLP as its auditor for the financial year. The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information. Deloitte LLP have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the annual general meeting.

Dividends
No dividends were declared or paid during the financial year.

Political and charitable donations
During the financial year, the Group and Company made £94,200 (2021: £3,944) of charitable donations and no political donations.

Employees
The Group aims to keep employees aware of all material factors affecting them as employees and the performance of the Group and their respective business. It encourages good communication through regular meetings between management and staff enabling senior managers to consult and ascertain views on all appropriate matters. This is supplemented by regular briefing meetings, email bulletins and internal divisional websites. A free confidential whistle-blowing hotline is also provided for employees. Some employees are encouraged to participate in the financial performance of the Group by way of bonus schemes.

The Group employed an average of over 500 (2021: 400) employees across the financial year. It is the Group's policy to achieve and maintain a high standard of health and safety at work and with regards to employment, training, career development and promotion, to ensure everyone is treated in the same way, regardless of race, religion or gender. The Group gives full consideration to the employment of disabled applicants where the requirements of the role can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment and adaptations under normal terms and conditions and to provide and make every effort with their rehabilitation.

The Group is committed to ensuring that there is no modern slavery or human trafficking in any part of its businesses. This commitment is an integral part its policies and the way it does business. The Group would never knowingly engage with suppliers or contractors involved in slavery or human trafficking and undertake due diligence when engaging with new suppliers before proceeding. In accordance with the requirements of the Act, the Group has published a Modern Slavery and Human Trafficking Statement signed by the Travelopia Group's Chief Executive Officer and which is available on the Travelopia Group's website.

DIRECTORS' REPORT (continued)

Carbon emissions statement
The Company and the Group 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 will be included and disclosed within the consolidated financial statements of TGHL. Details for obtaining these can be found in Note 33.

Stakeholder engagement
Details of the Group's key stakeholders and how it engage with them are given in the Section 172 (1) Statement in the above Strategic Report.

Matters covered in the Strategic Report
Disclosure of the Group's Business Review, funding, liquidity and going concern assessment, financial risk management, post balance sheet events and future developments are included in the Strategic Report.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Strategic Report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the consolidated financial statements in accordance with international accounting standards and in conformity with the requirements of the Companies Act, and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that financial period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act have been followed for the consolidated financial statements and IFRSs including FRS 101, have been followed for the Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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.

Approval
This report was approved and signed on behalf of the Board on 6 March 2023.

D A Binefa
Director

Company Number: 01893401

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Travel Adventure Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of total comprehensive income;
- the consolidated and parent company balance sheet;
- the consolidated and parent company statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 34 and A to H.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 group's and the parent 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 group or the parent 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 FRC's website at: www.frc.org.uk/auditors responsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Civil Aviation Authority, UK Bribery Act, GDPR and health & safety regulations.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions, IT and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

A significant risk has been identified in relation to the accuracy and completeness of the transfer of revenue from the reservation systems to the accounting systems as the manual transfer of data is inherently prone to fraud or error. A significant risk has been identified that manual journals are fraudulent or made in error (other than IFRS 15 adjustments). We have reviewed the design and implementation of relevant controls and performed walkthrough procedures, performed substantive procedures over the data extracted from the reservation system including tracing samples selected to the underlying support to verify the accuracy of the data, recalculated revenue and deferred revenue balances using bespoke analytics and performed additional audit procedures on any manual adjustments identified.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and where available reviewing correspondence with the Civil Aviation Authority and HMRC.

Report on other legal and regulatory requirements

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

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.

Alistair Pritchard FCA

Alistair Pritchard FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
6 March 2023

	Note	**Year ended 30 September 2022**	Year ended 30 September 2021
		£m	£m
Continuing operations			
Revenue	7	**150.7**	14.3
Cost of sales		**(111.9)**	(9.8)
Gross profit		**38.8**	4.5
Distribution costs		**(15.8)**	(6.9)
Administrative expenses		**(26.1)**	(26.2)
Other income	8	**0.3**	5.0
Operating loss	10	**(2.8)**	(23.6)
Analysed as:			
Adjusted EBITDA		**2.8**	(18.7)
Depreciation, amortisation and impairment on non-acquisition related assets	10	**(3.2)**	(5.2)
Acquisition and disposal related items	11	**(0.6)**	(1.3)
Separately disclosed items	12	**(1.8)**	1.6
Operating loss		**(2.8)**	(23.6)
Financial income	13	**1.3**	0.1
Financial expenses	14	**(3.2)**	(3.3)
Net financial expenses		**(1.9)**	(3.2)
Loss before tax		**(4.7)**	(26.8)
Taxation credit	15	**1.9**	2.5
Loss for the financial year attributable to equity holders of the parent		**(2.8)**	(24.3)

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Loss for the financial year	**(2.8)**	(24.3)
Other comprehensive income:		
Items that may be subequently reclassified to profit and loss:		
Foreign exchange translation	-	(1.0)
Other comprehensive loss for the financial year, net of tax	-	(1.0)
Total comprehensive loss for the financial year attributable to equity holders of the parent	**(2.8)**	(25.3)

	Note	**30 September 2022 £m**	30 September 2021 £m
Non-current assets			
Intangible assets	16	**12.6**	13.4
Property, plant and equipment	17	**12.7**	12.6
Right of use assets	18	**2.2**	2.5
Trade and other receivables	19	**7.5**	6.0
Deferred tax assets	20	**2.3**	2.5
		37.3	37.0
Current assets			
Inventories	21	**0.1**	0.4
Trade and other receivables	19	**24.5**	8.2
Income tax recoverable		**1.9**	1.7
Derivative financial instruments	26	**1.9**	0.3
Cash and cash equivalents	22	**70.4**	38.7
Total current assets		**98.8**	49.3
Total assets		**136.1**	86.3
Current liabilities			
Interest-bearing loans and borrowings	25	**(0.2)**	-
Lease liabilities	18	**(1.6)**	(1.6)
Trade and other payables	23	**(106.1)**	(65.0)
Derivative financial instruments	26	**(0.3)**	(0.1)
Provisions for liabilities	24	**(1.9)**	(1.6)
Income tax payable		**-**	(0.8)
Total current liabilities		**(110.1)**	(69.1)
Non-current liabilities			
Interest-bearing loans and borrowings	25	**(63.5)**	(60.7)
Lease liabilities	18	**(1.3)**	(2.3)
Trade and other payables	23	**(6.4)**	(4.1)
Provisions for liabilities	24	**(0.9)**	(1.2)
Deferred tax liabilities	20	**(2.3)**	(2.5)
		(74.4)	(70.8)
Total liabilities		**(184.5)**	(139.9)
Net liabilities		**(48.4)**	(53.6)
Equity			
Share capital	27	**27.0**	19.0
Retained earnings		**(74.4)**	(71.6)
Foreign exchange reserve		**(1.0)**	(1.0)
Total equity deficit attributable to equity holders of the parent		**(48.4)**	(53.6)

The notes on pages 19 to 52 form part of the consolidated financial statements. The consolidated financial statements on pages 14 to 52 were approved and authorised for issue by the Board of Directors on 6 March 2023 and signed on its behalf by:

D A Binefa
Director
Company Number: 01893401

	Note	Called up share capital £m	Retained earnings £m	Foreign exchange reserve £m	Total equity £m
At 30 September 2020 (unaudited)		-	(47.3)	-	(47.3)
Issue of share capital	27	19.0	-	-	19.0
Loss for the financial year		-	(24.3)	-	(24.3)
Other comprehensive loss for the financial year		-	-	(1.0)	(1.0)
Total comprehensive loss for the financial year		-	(24.3)	(1.0)	(25.3)
At 30 September 2021		19.0	(71.6)	(1.0)	(53.6)
Issuance of share capital	27	8.0	-	-	8.0
Loss for the financial year		-	(2.8)	-	(2.8)
Total comprehensive loss for the financial year		-	(2.8)	-	(2.8)
At 30 September 2022		**27.0**	**(74.4)**	**(1.0)**	**(48.4)**

Consolidated statement of cash flows for the financial year ended 30 September 2022

	Note	**Year ended 30 September 2022 £m**	Year ended 30 September 2021 £m
Loss for the financial year		**(2.8)**	(24.3)
Adjusted for:			
Depreciation and amortisation	10	**3.5**	4.6
Impairment of intangible assets	10	**0.3**	0.7
Impairment of right of use assets	10	**-**	1.2
Loss/(gain) on disposal of property, plant and equipment	10	**0.1**	(1.9)
Loss on disposal of intangible assets		**-**	1.6
Gain on disposal of lease liabilities		**(0.1)**	-
Net foreign exchange differences		**0.1**	(0.4)
Financial income	13	**(1.3)**	(0.1)
Financial expenses	14	**3.2**	3.3
Taxation	15	**(1.9)**	(2.5)
Operating cash flow before changes in working capital and provisions		**1.1**	(17.8)
Decrease/(increase) in inventories		**0.3**	(0.1)
(Increase)/decrease in trade and other receivables		**(17.8)**	16.8
Increase/(decrease) in trade and other payables		**42.9**	(6.9)
Decrease in provisions		**-**	(0.9)
Cash flows generated from/(used in) operations		**26.5**	(8.9)
Interest paid	29	**(0.1)**	(0.2)
Income taxes received		**1.8**	2.6
Income taxes paid		**(0.8)**	-
Net cash flows generated from/(used in) operating activities		**27.4**	(6.5)
Investing activities			
Proceeds from disposal of property, plant and equipment		**-**	7.8
Settlement of loans provided to the Travelopia Group		**-**	18.8
Acquisition of property, plant and equipment	17	**(1.2)**	(0.3)
Acquisition of intangible assets	16	**(1.1)**	(0.2)
Net cash flows (used in)/generated from investing activities		**(2.3)**	26.1
Financing activities			
Proceeds from the issue of share capital	27	**8.0**	9.0
Proceeds of new loans from non-related parties		**-**	5.1
Repayment of loans to third parties		**(0.1)**	(0.3)
Repayment of capital element of leases	29	**(1.5)**	(2.2)
Net cash flows generated from financing activities		**6.4**	11.6
Net increase in cash and cash equivalents		**31.5**	31.2
Effect of foreign exchange on cash held		**0.2**	(0.3)
Cash and cash equivalents at beginning of year		**38.7**	7.8
Cash and cash equivalents at end of the year	22	**70.4**	38.7

Movements in liabilities arising from financing activities are presented in Note 29.

1. General information

Travelopia Adventure Limited (the 'Company') is a private company limited by shares and incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD.

In January 2021, the Travelopia Group completed an internal restructure to segregate the UK tour operators (and their subsidiary companies) and its Irish tour operator from the rest of the Travelopia Group in order to simplify the regulatory structure within which the Travelopia Group operates. The restructure was effected by the Company's acquisition of the above tour operating companies, followed by the sale of the Company to TGHL, the highest UK parent company within the Travelopia Group. The consideration due for acquiring the Company's subsidiaries remains a long term payable to companies within Travelopia Group.

Certain UK Companies included within these consolidated financial statements have been provided exemption from requiring an audit under Section 479(A) of the Companies Act 2006. Further details of the subsidiaries taking this exemption are provided in Note 31.

The principal activity of the Group during the financial year was that of a tour operator and the principal activity of the Company was to act as the legal parent company to these tour operators and be the header company to a cash pool facility for its subsidiaries, in order to simplify the Group's cash management operations.

2. Statement of compliance

The consolidated financial statements have been prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The consolidated financial statements were authorised for issue on 6 March 2023.

3. Basis of preparation

The financial statements consolidate the results of the Group for the financial year ended 30 September 2022. They are prepared under the historical cost convention as modified by financial instruments recognised at fair value and presented in the Group's presentational currency of Sterling, which is also the Company's presentational currency, rounded to the nearest one hundred thousand pounds. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the respective entity operates.

Combination of businesses under common control (known as "predecessor accounting")

As described in Note 1, a legal restructure in January 2021 created two sub-groups of the Travelopia Group in order to simplify the regulatory structure within which the Travelopia Group operates, with this sub-group containing, amongst others, certain subsidiaries that are regulated by the CAA. TGHL has controlled both of these two sub-groups before and after this internal restructure. As such, the Company's acquisition of its subidiaries met IFRS 3's definition of a 'business combination under common control'.

IFRS 3 gives no guidance on the accounting treatment for business combinations under common control. In the absence of such guidance, IAS 8 requires the Directors to develop and select reliable accounting policies that are relevant to the decision-making needs of users and then apply these policies consistently.

The Directors decided not to apply IFRS 3 as an accounting policy for the re-organisation set out above. Applying IFRS 3 would have required, amongst others:

i) Full fair valuing of all assets and liabilities at January 2021, including the potential recognition of new or different values for brands, customer relationships and other intangible assets; and
ii) The comparative results for this Group would have reflected only those from the date of acquisition in January 2021 until 30 September 2021.

This policy would have followed the legal structure of the Group. To provide readers with more useful information, the Directors instead adopted the principles of predecessor accounting as its accounting policy choice. Predecessor accounting presents the results and balance sheet of the Group as if the Group had always existed.

The principles and policies selected in applying predecessor accounting that remain applicable to this set of consolidated financial statements are as follows:

Results
Comparative information for the financial year ended 30 September 2021 has been presented to reflect the combination as if it had occurred at 30 September 2020, regardless of the actual date of the combination. The Directors consider that this presents the most relevant and reliable information for the users of these financial statements.

Asset values
Assets and liabilities acquired in the restructure have not been restated to their fair values, as would have been required by IFRS 3. Instead, the carrying values of all assets and liabilities that were recognised in the consolidated financial statements of TGHL have been included in these financial statements. No goodwill was recognised in the financial statements of TGHL in respect of this Group and no new goodwill arises in predecessor accounting. Values for assets and liabilities as at 30 September 2020, being the opening period of the comparative financial year were extracted from the audited consolidated financial statements of TGHL, but were themselves, unaudited. Comparative values for assets and liabilities as at 30 September 2021 were audited.

Going concern
As part of their assessment of going concern, the Directors of the Company have considered the funding and liquidity requirements of the Group. The principal liquidity requirement is to ensure the Group meets the CAA covenant test of having a minimum 70% cash to client money ratio. Meeting this covenant test should ensure the Group has sufficient cash to meet its obligations as they fall due. The cash to client money ratio is forecasted and monitored each month.

Throughout the financial year, the Directors of the Company have continued to assess the Group's current and future cash levels and funding requirements. To do this, the Group prepares 13-week rolling cashflow forecasts, together with monthly forecasts for the remainder of the financial year ending 30 September 2023 ('FY23 forecast'), at divisional and Group level which, together with Strategic Plan for FY24 (being the financial year ending 30 September 2024), enable good short term and longer term liquidity outlook. The latest forecast and Strategic Plan form the basis of the Directors' going concern assessment, with the term used in the assessment period being at least one year from the date of signing these financial statements.

The FY23 forecast assumes a sustained recovery in travel over the whole period and beyond into FY24, without the return of significant global travel restrictions, this being a significant judgement made by the Directors. Within the Group's FY23 forecast, the date by when full travel (and hence profits and cashflows) recommences at pre-Covid levels is assessed on a division by division basis. This means that businesses with shorter sales lead times will recover more quickly than those with longer sales lead times. The key estimates that flow into the cashflow models not only include the Group's expected revenues and costs (and hence Adjusted EBITDA), but also include the impact of items such as the Group's working capital cashflow cycle, planned capital expenditure and expected tax payments.

As a result of the actions taken in the last two years to reduce costs and issue share capital, the Group started FY23 with a cash to client money ratio of over 100%. The combination of forward sales and actions being taken by the Group to optimise liquidity gives the Directors confidence that the Group is on track to achieve its FY23 forecast for both Adjusted EBITDA and cash.

Two models have been prepared to assess the Group's forecast cash profile and headroom. Firstly a base case that is driven by the latest FY23 forecast for each of the Group's divisions together with current and projected trading levels. As the Group's trading profile is such that customers book well ahead of departure, this enables good visibility and increased certainty around future cash flows that are factored into this base case model. Secondly, a severe but plausible downside model is prepared that sensitises the base case by reducing revenues over the assessment period on a division by division basis by between 10 and 25%, depending upon the level of forward sales by division. In neither model is the forecast cash need to meet the cash to client money ratio of 70% shown to be greater than the level of liquidity available to the Group.

With an expectation that the Group will have sufficient funds available to meet the 70% cash to client money ratio test over the assessment period under both base and severe but plausible models, the Directors 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.

4. Alternative performance measure

These consolidated financial statements contain a financial profit measure that is not defined or recognised under IFRS, namely Adjusted EBITDA, which excludes separately disclosed items and acquisition and disposal related items. This measure is not a measure of financial performance under IFRS and should not be considered as an alternative to indicators, operating performance, income and cost classifications that are derived in accordance with IFRS. Accordingly, this non-IFRS measure should be viewed as supplemental to, but not as a substitute for, measures presented in these consolidated financial statements which are prepared in accordance with international financial reporting standards in conformity with the requirements of the Companies Act.

Adjusted EBITDA

The Directors believe that Adjusted EBITDA provides additional and meaningful guidance in addition to statutory measures to help understand the Group's underlying tour operating performance during the financial year. It is a measure that is used by management to internally assess the maintainable, underlying performance of the Group's business and is not intended to be a substitute measure for adopted IFRS measures. With the exception of new accounting standards adopted by the Group since June 2017 such as IFRS 15 and 16, Adjusted EBITDA is also broadly equivalent to the measure used in the Group's management accounts, which are shared with our external stakeholders.

Adjusted EBITDA is defined as profit or loss before tax from continuing operations stated before financial income and expenses; depreciation, amortisation and impairments of assets; acquisition and disposal related items; and separately disclosed items.

It should be noted that the definition of Adjusted EBITDA used in these consolidated financial statements are those used by the Group and may not be comparable with the term 'underlying' or 'EBITDA' as defined by other companies within the travel sector, or elsewhere, since there are no generally accepted principles governing the calculation of this measure of profit. As such, Adjusted EBITDA could have limitations as an analytical measure, some of which are:

- It does not reflect the Group's past or future cash expenditure for capital expenditure;
- It does not reflect the Group's interest expense, or the cash requirement to service interest and principal payments on the Group's loans;
- It does not reflect gains, costs and losses on the acquisition and disposal of subsidiaries; and
- Items that have been excluded from Adjusted EBITDA as Separately disclosed items may be judged by some as being appropriate to include and vice versa.

Separately disclosed items

Separately disclosed items are those significant items which in management's judgement are highlighted by virtue of their size, nature and/or incidence to enable a full understanding of the Group's underlying financial performance. Such items are included within the income statement heading to which they relate. Further information relating to Separately disclosed items, including the nature of the items and the reasons for inclusion in this category is included in Note 12.

Acquisition and disposal related items

Acquisition related items comprises amortisation and impairment of business combination intangibles.

5. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

New standards, amendments and interpretations
The Group has applied the following amendments to existing standards as follows:

Amendments to IFRS 16 'Leases' – COVID-19 related rent concessions
The amendment exempts lessees from having to consider whether rent concessions occurring as a direct consequence of the pandemic are modifications and allows lessees to account for such rent concessions as if they were variable lease payments and not lease modifications. This amendment had no impact on the Group as it has not applied this practical expedient in the preceding financial year.

Other new amendments
The Phase 2 amendments to IFRS 3 – Definition of a business and to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform – Phase 1 have not had any impact on the Group's results in the current or previous financial year.

Basis of consolidation
The consolidated financial statements consolidate those of the Company and its subsidiaries and present the results of the Group as if it formed a single entity. Accounting policies of subsidiaries are amended where necessary to be consistent with those adopted by the Group. The parent Company financial statements present information about the Company as a separate entity and not about the Group.

(i) Subsidiaries
Where the Company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements incorporate the results of business combinations of entities under common control using the predecessor accounting method, further details of which are set out in Note 3.

(ii) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised gains or income and expenses arising from intra-group transactions are eliminated in preparing the Group's consolidated financial statements.

Revenue
The Group recognises revenue from the sale of holidays, trips, expeditions and related services ('holidays'). Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of holidays
Revenue is measured at the fair value of the contractual consideration received or receivable and represents amounts receivable for goods and 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 inclusive holidays, tours, trips and expeditions. Revenue from sale of holidays comprises of one performance obligation and the transaction price is recognised over the duration of the holiday (taking the time elapsed from departure to return) as the Directors consider this the most faithful depiction of transfer of goods and services. For the sale of holidays, the Group usually receives part payment of the holiday by way of a deposit from customers upon booking of the holiday and the balance in advance of departure date. This deposit is not considered to contain an element of financing. Cancellation income, in respect of non-refundable amounts paid on bookings cancelled by the customer prior to the date of departure, is recognised at the time of cancellation, providing no further performance obligations remain outstanding. Using the practical expedient in IFRS 15, the Group 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 good or service will be one year or less.

Contract liabilities
If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. The Group considers client monies received in advance at the balance sheet date relating to holidays departing after the year end to be contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. They are presented separately from deferred income as they include amounts that may be repaid to the customer in the event of contract cancellation.

Contract liabilities include credit notes arising from a cancelled holiday where the customer has accepted these by the balance sheet date. Where the customer has requested a refund of monies prior to the balance sheet date, the amount included in contract liabilities that is to be repaid is de-recognised and instead recognised as an other creditor.

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. Where the grant is in respect of compensation for expenses incurred, the expenses are presented on a gross basis.

Expenses
(i) Marketing and other direct sales costs
Marketing, advertising and other promotional costs, including those related to the production of brochures, are expensed when the benefit of the goods or services is made available to the Group. In particular, merchandise provided free to customers, brochure and advertising costs are expensed to the consolidated income statement when the Group's suppliers have delivered the relevant material.

ii) Cost of sales
Costs of sales include costs in relation to the provision of holidays supplied to customers including such items as airfares, accommodation and transfer costs, direct employee costs and depreciation charges on property, plant and equipment that is used directly to deliver that sale. These costs are recognised when incurred, other than the cost of airfares, accommodation and transfer costs of a holiday, which are recognised over the duration of the holiday.

Employee benefits
(i) Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement as incurred.

(iii) Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

iv) Employment termination benefits
Employment termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. The costs are recognised within the same category of expenditure as the underlying employment costs. These costs may also be presented as Separately disclosed items where appropriate.

Financial income and expenses
Financial income principally comprises of gains on derivative financial instruments. Financial expenses principally comprises of interest expense on borrowings and lease liabilities and losses on derivative financial instruments. Financial income and expenses are recognised in profit or loss in the period in which they are incurred.

Taxation
Income tax comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised in other comprehensive income, in which case the related tax is also recognised in other comprehensive income.

(i) Current tax and group relief
Group relief receivable or payable is the expected tax receivable or payable on taxable income for the financial year, using average tax rates applicable for the financial year. The Group operates in several tax regimes and is subject to the tax implications of operating in different tax environments. Actual tax assets and liabilities for the current financial year are measured at the expected amounts payable, or in the case of taxable losses, recoverable from tax authorities. Judgement can sometimes be required to determine the current and deferred tax assets and liabilities, such as the recoverability of such assets. Various internal and external factors may have favourable or unfavourable effects on income tax assets and liabilities. These factors include, but are not limited to, changes in tax laws and regulations or their interpretation and changes in tax rates.

(ii) Deferred tax
Deferred tax is provided or recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future; and differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss in the consolidated income statement. The amount of deferred tax asset recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rate at which the asset or liability is expected to reverse in future periods, based on tax laws enacted or substantively enacted at the balance sheet date.

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 taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. 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 utilised. Such profits depend upon a variety of internal and external factors, including expected development and the Strategic plan for that business. Deferred tax assets are reduced in the financial period in which it is no longer probable that the related tax benefit will be realised.

Foreign currency
(i) Foreign currency transactions
Transactions in foreign currencies are initially recorded at the rate approximating to the foreign exchange rates ruling at the dates of the transaction for each entity. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the functional currency spot rate ruling at the reporting date and recognised in the consolidated income statement. Foreign exchange gains and losses resulting from the settlement of such transactions are also recognised in the consolidated income statement.

(ii) Foreign operations
The assets and liabilities of foreign operations are translated from functional currency to Sterling at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of overseas operations are translated from functional currency at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on the translation of foreign operations are recognised in other comprehensive income, outside of profit and loss and disclosed in the consolidated statement of changes in equity as a foreign exchange difference within a separate foreign exchange reserve.

Intangible assets

(i) Computer software, software in development and other intangible assets

Computer software consists of all software that is not an integral part of the related computer hardware and is stated at cost less accumulated amortisation and impairment losses other than those acquired in a business combination, which is initially recognised at fair value.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group 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 are available to complete the development and to use or sell the software product; and
- the expenditure attributable to the software product during its development can be reliably measured.

In light of the publication of the clarification to IAS 38 in April 2021, the Group has adopted the clarification and amended its accounting policy in regard to software development in relation to software platforms that are operated in a "cloud" or "hosted" environment. In line with the clarification, the Group expenses implementation, configuration and customisation costs incurred in instance where it does not have control over the software code. Customisation costs where the Group has control over the software code continues to be capitalised and amortised over its useful life. There was no material impact as a result of adopting this clarification.

Where control can be demonstrated, directly attributable costs that are capitalised as part of the software product include the business' and the software developer's employee costs. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent financial period.

(ii) Brands and customer relationships

Brands and contractual customer relationships are recognised at their predecessor values within the consolidated financial statements of TGHL. These intangibles have a finite useful life and are subsequently carried at cost less accumulated amortisation.

(iv) Amortisation

Amortisation is recorded in administration expenses and charged to the consolidated income statement on a straight-line basis over the estimated useful economic life of each type of intangible asset as follows:

Computer software	3 - 7 years
Brands	25 years
Customer relationships	17 years

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. Licences in respect of bar licences in France (known as "fonds du commerce") are not amortised (on the basis that a licence has an indefinite life) unless there is objective evidence to suggest the market value has fallen below cost.

Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Property, plant and equipment are presented separately from right of use assets in the consolidated balance sheet.

Where significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Depreciation

Except as noted below, depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful economic lives of each item of property, plant and equipment. The useful economic lives are as follows:

Freehold properties	Up to 50 years
Furniture and fittings	Between 2 and 10 years
Other equipment	Between 2 and 25 years

Freehold land and assets under construction are not depreciated. The depreciation methods, useful economic lives and residual values are reassessed annually. Revisions to useful economic lives and residual values are accounted for prospectively from the date of change.

(iii) Disposal

An item of property, plant and equipment is derecognised upon disposal, with any gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the financial period of disposal.

Leases

On entering each new lease contract, the Group 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 Group 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 Group;
- the Group 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 Group has the right to direct the use of the identified asset throughout the period of use.

The Group 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 Group 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, 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. Right of use assets are depreciated 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 Directors also assess the right of use assets for impairment when such indicators exist.

At the commencement date, the Group 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 Group'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.

On renegotiation of contractual terms, the accounting depends on the nature of the modification. If one or more additional assets are leased for an amount commensurate with the stand alone price for the additional rights of use obtained, the modification is accounted for as a separate lease in accordance with the policy above. In all other cases where the renegotiated contract increases the scope of the lease, such as lease term extension, the lease liability is remeasured using the discount rate applicable on the modification date, with the right of use asset being adjusted by the same amount. Where the renegotiation results in a scope decrease, both the carrying amount of the lease liability and right of use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right of use asset is adjusted by the same amount.

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

Sale and leaseback transactions
The Group has entered into a ground rent transaction on Condover Hall, which constitutes a sale and leaseback transaction, since it has sold the property to a third party and immediately leased it back. Whilst the sale was enacted in legal terms, since the sale does not meet the recognition criteria of IFRS 15, the property is retained on the consolidated balance sheet and the proceeds arising from the sale are recognised at the amount received as a financial liability. Subsequent to initial recognition, interest is charged to the consolidated income statement at the effective rate. The carrying value of the liability is adjusted when the rent is reset each year.

Inventories
Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price less the estimated costs incurred until the sale and the estimated variable costs required to sell. All inventories are written down individually where the net realisable value of inventories is lower than their carrying amounts.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognised when the contractual rights and obligations have been transferred, discharged or have expired.

(i) Financial assets
Financial assets are classified at initial recognition as either subsequently measured at amortised cost or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets include interest-bearing receivables, cash and cash equivalents, trade receivables and derivative financial instruments but exclude taxes and financial deposits outside the Group's control such as prepayment of services. Financial assets generated from all of the Group's revenue streams are initially measured at their transaction price and are subsequently remeasured at amortised cost. Cash and cash equivalents comprise cash at bank and in hand.

Financial assets and liabilities (including bank overdrafts and cash balances) are reported net where the Group has a legal right of set off and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss comprise derivative financial instruments and are measured at fair value on initial recognition and subsequent measurement. The realised and unrealised gain or loss on derivatives is included in the consolidated income statement in the financial year in which the gain or loss arises.

Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Impairments
(i) Financial assets
The Group recognises a loss allowance for expected credit losses on trade receivables at an amount equal to lifetime expected credit losses, in line with the simplified approach of IFRS 9. For other financial assets, the loss allowance is measured at an amount equal to the 12-month expected credit loss amount, unless there has been a significant increase in that asset's credit risk since initial recognition, in which case an amount equal to the lifetime expected credit loss is recognised.

An impairment in respect of a financial asset is calculated as the difference between its carrying amount and its recoverable amount. The recoverable amount of the Group's receivables which are carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairments are recognised in profit or loss.

(ii) Non-financial assets
The carrying amount of the Group's non-financial assets, other than inventory and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. Intangible assets with an indefinite useful economic life are tested for impairment annually.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset or its cash generating unit ('CGU') exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Non-current assets are allocated to each CGU as appropriate, such as the related brand or owned asset.

(ii) Financial liabilities
Financial liabilities are either classified as financial liabilities measured at amortised cost or at fair value through profit and loss. Financial liabilities measured at amortised cost include trade and other payables (excluding tax and social security and deferred income), accruals and loans. Financial liabilities at fair value through profit and loss comprise derivative financial liabilities. Both are presented within current and non-current liabilities in the consolidated balance sheet, according to the period in which they are expected to be settled. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, normally being the transaction price plus, in the case of financial liabilities measured at amortised cost, directly attributable transaction costs. After initial recognition, financial liabilities other than those at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Derecognition
The Group derecognises a financial liability when the contractual obligations to pay the contractual cash flows on the financial liability are discharged, cancelled or expire.

(iii) Derivative financial instruments
The Group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value through profit or loss. The fair value of foreign currency contracts is their forward market price at the balance sheet date, based on external valuations or internal valuations using market data. Derivatives are presented as assets when their fair value is positive and liabilities when the fair value is negative, split between current and non-current depending upon the expiry date of the derivative financial instrument.

(iv) Share capital
Ordinary shares are classified as equity.

Provisions
A provision is recognised in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and the outflow of economic benefits can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Related parties
For the purpose of these consolidated financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or significant influence. Related parties may be individuals or entities.

New standards and interpretations not yet adopted
The following new and amended standards and interpretations that have been endorsed by the UK Endorsement Board (unless otherwise stated) but are not yet effective are as follows:

Amendments to IAS 1 on the classification of liabilities
These amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Potential impacts of the revised definition may include the presentation and disclosure of financial statements and measurement of balances.

Other new amendments and standards
The following standards and amendments that are issued but not yet effective and are either not currently considered relevant to, or, are not expected to have a material impact on the Group:

- IFRS 17, 'Insurance Contracts' as amended in December 2021, is a comprehensive new financial reporting standard for insurance contracts covering recognition, measurement, presentation and disclosure.
- Amendments to IFRS 3, 'Business combinations' to update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
- Amendments to IAS 1, 'Presentation of financial statements' to improve accounting policy disclosures to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- Amendments to IAS 12, 'Deferred tax assets related to assets and liabilities arising from a single transaction' require the recognition of deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

6. Critical judgements and key sources of estimation uncertainty

The preparation of financial statements requires the Directors to make judgements (apart from those involving estimates) that affect the reported results when applying the Group's accounting policies disclosed in Note 5, as well as estimates and assumptions that affects the reported and future amounts of assets, liabilities, income and expenses. Actual results may differ from those reported as a result of applying different judgements, estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimates are revised and in any future periods affected.

The Board has reviewed management's selection, development and disclosure of the Group's critical accounting policies, judgements and estimates and their application, which are set out below:

Critical judgements

Separately disclosed items

Separately disclosed items are those significant items which in management's judgement are of sufficient relevance to require separate disclosure to enable a full understanding of the Group's financial performance. Such items are included within the income statement caption to which they relate. Judgement is required to determine which costs are of an underlying nature as part of running a tour operator and which are not, with the latter being presented within this cost category. The Group has recognised separately disclosed costs totalling £1.8m (2021: net income of £1.6m) of which £0.9m relates to a legal claim that has arisen as a result of Covid-19. Included within this total is an additional charge of £0.6m that has been recognised in respect of an incremental Group-wide employee retention scheme. In the comparative financial year, a £1.9m profit arose on sale of two ski hotels in France in December 2020. This was recognised as a separately disclosed item as the profit from the disposal of these two hotels was not considered to have arisen from underlying tour operating activities.

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets within the next financial year are as follows:

Impairment of assets as a result of Covid-19

Management has considered whether indicators of impairment to asset values have arisen as a result of Covid-19, in particular whether the impact of the global pandemic will cause a change in view of the long term use of these assets and has then undertaken impairment tests where it considered that there had been an indicator of impairment. Judgement is required to determine whether certain assets will be used and estimates of the expected costs and/or benefits are then required to determine whether an impairment has arisen.

Management has concluded that the subsidiary, Travel Class Limited, together with its brand, JCA, is one Cash Generating Unit ('CGU') within the Group and that its property, Condover Hall, does not independently generate cash flows. Management has determined the carrying amount of this CGU to be £8.0m and that this is less than the CGU's recoverable amount of £8.9m, based on value in use. The key estimates and assumptions used in determining recoverable value were: i) the expected future earnings (being Adjusted EBITDA over the two year period of Budget and Strategic Plan for the financial years ending 30 September 2023 and 2024); ii) an allocation of the Group's central contingency; and iii) a pre-tax discount rate of 15.4%. The expected future earnings in the Budget and Strategic Plan are those that have been formally approved and reflect the Directors expectations for profits having taken actions during the global pandemic to reduce fixed costs.

Whilst no impairment charge has arisen, reasonably possible changes to these assumptions would cause the recoverable value to fall to carrying value. These are either: i) a fall in total cashflows (such as Adjusted EBITDA and/or allocation of central contingency) in the year of perpetuity of 21%, or £0.3m; or ii) an increase in the pre-tax discount rate of 2.75% to 18.1%.

7. Revenue from contracts with customers

Revenue for the financial year is analysed by source and destination as follows:

	Year ended 30 September 2022		Year ended 30 September 2021	
	Source	**Destination**	Source	Destination
By geography	**£m**	**£m**	£m	£m
United Kingdom	**136.0**	**20.3**	13.6	5.4
Europe (excluding the UK)	**12.4**	**72.9**	0.2	7.1
North America (including Canada)	**0.7**	**19.2**	-	0.4
Central and South America	**-**	**8.4**	-	-
Caribbean	**-**	**6.1**	-	0.1
Africa	**-**	**8.7**	-	0.4
Asia	**0.1**	**11.0**	-	0.3
Australia, New Zealand and Oceania	**0.6**	**0.6**	0.2	0.2
Middle East	**-**	**2.6**	-	0.1
	149.8	**149.8**	14.0	14.0
Inter-group revenues with the Travelopia Group	**0.9**	**0.9**	0.3	0.3
Total	**150.7**	**150.7**	14.3	14.3

Timing of revenue recognition	**Year ended 30 September 2022 £m**	Year ended 30 September 2021 £m
Over time	**147.6**	11.5
Point in time	**3.1**	2.8
Total revenue from contracts with customers	**150.7**	14.3

Revenue is also analysed as follows:

Revenue by nature	**Year ended 30 September 2022 £m**	Year ended 30 September 2021 £m
Sale of holidays and related revenues	**147.1**	11.0
Cancellation income	**3.1**	2.8
Other revenues	**0.5**	0.5
Total revenue from contracts with customers	**150.7**	14.3

8. Other income

Other income comprises:

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Government grants (including furlough income)	**0.3**	3.1
Profit on disposal of hotels	**-**	1.9
	0.3	5.0

Government grants related to employee retention and financial assistance schemes provided by governments, (including the UK's furlough scheme), as a response to the global pandemic.

9. Employees

Average number of employees
The average monthly number of employees in the Group during the financial year by type of employment contract was as follows:

	Year ended 30 September 2022 Number	Year ended 30 September 2021 Number
Full time	**369**	363
Part-time	**54**	45
Temporary staff and seasonal workers	**110**	1
	533	409

Full time employees include those furloughed for all or some of the time from October 2020 to September 2021 in accordance with national Government job retention schemes.

Employee costs	**Year ended 30 September 2022 £m**	Year ended 30 September 2021 £m
Wages and salaries	**20.3**	16.2
Social security costs	**2.1**	1.6
Pension costs: Defined contribution pension scheme cost	**0.8**	0.7
	23.2	18.5

Wages and salaries include £0.6m (2021: £0.5m) of costs which are also presented within Separately disclosed items in Note 12.

Directors' and key management remuneration

The remuneration of 2 (2021: 2) Directors is paid by a fellow Travelopia Group subsidiary outside of the Company's group and for which a charge is included within the management fees charged to the Company. It is not possible to make an accurate apportionment of the management charge in respect of their emoluments. The remuneration of the other 2 (2021:2) Directors is as follows:

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Directors' remuneration	**0.6**	0.5
Pension benefits	**0.1**	-
	0.7	0.5

The highest paid Director's remuneration was £0.4m (2021: £0.4m). The Directors consider the Group's key management to be the Executive Leadership Team ('ELT') of the Travelopia Group, as they have the authority and responsibility for planning, directing and controlling the activities of the Group. Other than the amounts paid above, the remuneration of the ELT is paid by companies within the Travelopia Group which do not form part of this Group and for which no separate charge is made to the Group. The remuneration of the ELT is disclosed in the consolidated financial statements of Travelopia Group Holdings Limited. Details for obtaining these can be found in Note 33.

10. Operating loss

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Included within operating loss in the consolidated income statement for the financial year are the following charges/(credits):		
Depreciation of property, plant and equipment	**0.9**	1.1
Depreciation of right of use assets	**0.9**	1.7
Amortisation of intangible assets: other intangibles	**1.1**	1.2
Impairment of right of use assets	-	1.2
Impairment of intangible assets: other intangibles	**0.3**	-
Depreciation, amortisation and impairment on non-acquisition related assets	**3.2**	5.2
Acquisition related items:		
Amortisation of intangible assets: business combination intangibles	**0.6**	0.6
Impairment of acquisition-related intangible assets	-	0.7
Total depreciation, amortisation and impairment charges	**3.8**	6.5
Loss/(gain) on disposal of property, plant and equipment	**0.1**	(1.9)
Loss on disposal of intangible assets	-	1.6
Net foreign exchange differences	**0.1**	(0.4)
Impairment of trade receivables	**0.2**	0.1

Auditor's remuneration

Audit fees have been incurred by a fellow Travelopia Group subsidiary outside of the Company's group and for which a charge is included within the management fees charged to the Company. The total estimated charge for the audit of the consolidated financial statements of the Group for the financial year ended 30 September 2022 was £0.6m. Additional fees of £0.2m have been charged in respect of non-audit fees, which relate to the the audit of regulatory returns. It was not possible to make an accurate apportionment of the audit and non-audit fees included in the management charge for the financial year ended 30 September 2021.

11. Acquisition and disposal related items

Acquisition and disposal related items comprise the following administrative expenses:

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Acquisition and disposal related items in operating loss		
Amortisation of business combination intangibles (Notes 10 and 16)	**0.6**	0.6
Impairment of business combination intangibles (Notes 10 and 16)	**-**	0.7
	0.6	1.3

12. Separately disclosed items

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Covid-19 related costs	**1.8**	0.3
Separately disclosed costs	**1.8**	0.3
Profit on the sale of hotels	**-**	(1.9)
Separately disclosed items	**1.8**	(1.6)

The Group has recognised separately disclosed costs totalling £1.8m (2021: net income of £1.6m) of which £0.9m relates to a legal claim that has arisen as a result of Covid-19, £0.2m related to restructuring costs and an additional £0.6m charge that has been recognised in respect of an incremental Group-wide employee retention scheme. Separately disclosed items within operating loss are included within the consolidated income statement as follows:

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Cost of sales	**0.2**	0.1
Distribution costs	**0.2**	-
Administrative expenses	**1.4**	0.2
Other income	**-**	(1.9)
	1.8	(1.6)

13. Financial income

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Interest income on loans to related parties	**-**	0.1
Gains on derivative financial instruments	**1.3**	-
Financial income	**1.3**	0.1

14. Financial expenses

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Interest on loans from related parties	**2.8**	2.0
Unwinding of discount on Acquisition Debt	-	0.7
Interest on financial liabilities	**0.3**	0.1
Interest expense on lease liabilities	**0.1**	0.2
Losses on derivative financial instruments	-	0.3
Financial expenses	**3.2**	3. 3

15. Taxation

The tax credit can be summarised as follows:

(i) Analysis of tax credit in the financial year

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Current tax credit		
UK Group relief receivable on losses for the financial year	**(1.3)**	(1.7)
Overseas tax payable	-	0.8
Adjustment in respect of prior years	**(0.6)**	(0.3)
	(1.9)	(1.2)
Deferred tax credit		
Origination and reversal of temporary differences:		
Current year non-UK	-	(1.3)
Total income tax credit in the consolidated income statement	**(1.9)**	(2.5)

(ii) Reconciliation of effective tax rate

The total tax credit for the financial year is different to the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Loss before tax	**(4.7)**	(26.8)
Loss multiplied by the UK standard rate of tax of 19%	**(0.9)**	(5.1)
Effects of:		
Expenses not deductible for tax purposes	**0.3**	0.6
Income not taxable	-	(0.5)
Temporary differences not recognised as deferred tax	-	2.8
Effect of overseas tax rates	**(0.2)**	-
Group relief for carried forward losses	**(0.5)**	-
Adjustment in respect of prior years	**(0.6)**	(0.3)
Total income tax credit in the consolidated income statement	**(1.9)**	(2.5)

(iii) Factors affecting the future tax charge
UK Corporation tax
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 been substantively enacted at the balance sheet date, deferred taxes in these financial statements have been re-measured where the related asset or liability is expected to be realised after this date. The corporation tax rate for the Company and its UK subsidiaries will also change to 25% from this date onwards.

16. Intangible assets

	Brands £m	Customer relationships £m	Computer software £m	Software in development £m	Licences £m	Total £m
Cost						
At 30 September 2020 (unaudited)	31.6	7.3	23.1	0.4	2.0	64.4
Additions	-	-	0.1	0.1	-	0.2
Transfers	-	-	0.1	(0.1)	-	-
Asset reclassifications	-	-	0.2	-	-	0.2
Disposals	-	-	(12.2)	(0.1)	(1.5)	(13.8)
At 30 September 2021	31.6	7.3	11.3	0.3	0.5	51.0
Additions	-	-	0.5	-	0.1	0.6
Additions from acquisition	0.5	-	-	-	-	0.5
Transfers	-	-	0.1	-	-	0.1
Disposals	-	-	(6.4)	(0.3)	-	(6.7)
At 30 September 2022	**32.1**	**7.3**	**5.5**	**-**	**0.6**	**45.5**
Accumulated amortisation						
At 30 September 2020 (unaudited)	(20.9)	(6.4)	(20.0)	-	-	(47.3)
Provided in the financial year	(0.5)	(0.1)	(1.2)	-	-	(1.8)
Impairment loss	(0.7)	-	-	-	-	(0.7)
Disposals	-	-	12.2	-	-	12.2
At 30 September 2021	**(22.1)**	**(6.5)**	**(9.0)**	**-**	**-**	**(37.6)**
Provided in the financial year	(0.5)	(0.1)	(1.1)	-	-	(1.7)
Impairment loss	-	-	-	(0.3)	-	(0.3)
Disposals	-	-	6.4	0.3	-	6.7
At 30 September 2022	**(22.6)**	**(6.6)**	**(3.7)**	**-**	**-**	**(32.9)**
Net book value						
At 30 September 2021	9.5	0.8	2.3	0.3	0.5	13.4
At 30 September 2022	**9.5**	**0.7**	**1.8**	**-**	**0.6**	**12.6**

The Group's revenue generating businesses contain various specialist travel and tour operating entities that employ different brands which are used to go to market. In most cases the brands are the same as, or similar to, the trading names of the entities within the specific division and the entities are reliant on their own brand names for their marketing efforts. One brand, Exodus Travels, has a material net book value of £6.2m (2021: £6.5m) and has a remaining amortisation period of 20 (2021: 21) years. During the year, the Group acquired the Howzat Travel brand resulting in an addition to the brands of £0.5m.

In accordance with IAS 36, an impairment test has been performed on the recoverability of intangibles where an indicator of an impairment has arisen. The recoverable amount has been based on a value in use basis, using the Group's formally approved FY22 Budget and Strategic Plan, which assumes travel returning to historic levels of trade during FY23 and thereafter.

Management uses its tour operating experience in estimating revenue and cost growth during this period to derive future cash flows. The Directors are confident that the businesses (and their constituent CGUs) will achieve higher profitability levels by FY24 than were achieved before the pandemic as a result of post-Covid volume recovery and tight cost management. A growth rate of 2% has been used to extrapolate cash flow projections into perpetuity whilst pre-tax discount rates of between 14.1% and 15.4% have been used in the tests. The businesses own their own software and licences, whilst each brand is allocated to its relevant CGU.

Separately, an impairment loss of £0.3m has been recognised on software in development. In the prior financial year, an impairment charge of £0.7m has been recognised to fully impair one brand value as a result of a decision taken to cease using this brand in the related entity. This impairment loss has been recognised within administrative expenses.

17. Property, plant and equipment

	Land and buildings £m	Fixtures and fittings £m	Other equipment £m	Total £m
Cost				
At 30 September 2020 (unaudited)	20.6	8.0	2.8	31.4
Additions	-	0.1	0.2	0.3
Asset reclassifications	-	-	(0.2)	(0.2)
Disposals	(7.0)	(2.4)	(1.1)	(10.5)
Foreign exchange	(0.2)	(0.2)	-	(0.4)
At 30 September 2021	13.4	5.5	1.7	20.6
Additions	0.6	0.5	0.1	1.2
Asset reclassifications	0.3	-	-	0.3
Disposals	-	(0.8)	(0.8)	(1.6)
Foreign exchange	-	0.1	(0.1)	-
At 30 September 2022	**14.3**	**5.3**	**0.9**	**20.5**
Accumulated depreciation				
At 30 September 2020 (unaudited)	(4.1)	(5.6)	(2.1)	(11.8)
Provided in the financial year	(0.3)	(0.5)	(0.3)	(1.1)
Disposals	1.9	1.6	1.1	4.6
Foreign exchange	0.1	0.1	0.1	0.3
At 30 September 2021	(2.4)	(4.4)	(1.2)	(8.0)
Provided in the financial year	(0.3)	(0.4)	(0.2)	(0.9)
Asset reclassifications	(0.3)	-	-	(0.3)
Disposals	-	0.8	0.7	1.5
Foreign exchange	(0.1)	-	-	(0.1)
At 30 September 2022	**(3.1)**	**(4.0)**	**(0.7)**	**(7.8)**
Net book value				
At 30 September 2021	11.0	1.1	0.5	12.6
At 30 September 2022	**11.2**	**1.3**	**0.2**	**12.7**

One property within land and buildings with a net book value of £10.2m (2021: £10.0m) is secured against debt of £5.0m (2021: £4.8m), further details of which are provided in Note 25. Management has concluded that the subsidiary, Travel Class Limited, is one Cash Generating Unit ('CGU') within the Group and that its property, Condover Hall, does not independently generate cash flows. Management has therefore determined the recoverable amount of the CGU as a whole based on its value in use. An impairment test supported the recoverable amount to be higher than the carrying value and therefore no impairment charge arises. Key assumptions and sensitivity analysis are disclosed in Note 6.

18. Right of use assets and lease liabilities

The Group leases various properties, including office space and motor vehicles. An analysis of the number of leased assets that gave rise to right of use asset during the financial year was as follows:

	Land and buildings	Motor vehicles	Total
Number of leases			
At 1 October 2020 (unaudited)	16	5	21
Disposals	(5)	(3)	(8)
At 30 September 2021	11	2	13
Additions	5	-	5
Disposals	(3)	-	(3)
At 30 September 2022	**13**	**2**	**15**

Carrying amount of right of use asset

	Land and buildings £m	Motor vehicles £m	Total £m
Cost			
At 1 October 2020 (unaudited)	8.7	0.1	8.8
Modification of lease term	0.1	-	0.1
Disposals	(0.9)	-	(0.9)
Foreign exchange	(0.1)	(0.1)	(0.2)
At 30 September 2021	7.8	-	7.8
Additions	0.2	-	0.2
Modification of lease term	0.4	-	0.4
Disposals	(1.2)	-	(1.2)
At 30 September 2022	**7.2**	**-**	**7.2**
Accumulated depreciation			
At 1 October 2020 (unaudited)	(3.3)	-	(3.3)
Provided in the financial year	(1.7)	-	(1.7)
Impairment	(1.2)	-	(1.2)
Disposals	0.8	-	0.8
Foreign exchange	0.1	-	0.1
At 30 September 2021	(5.3)	-	(5.3)
Provided in the financial year	(0.9)	-	(0.9)
Disposals	1.2	-	1.2
At 30 September 2022	**(5.0)**	**-**	**(5.0)**
Net book value			
At 30 September 2021	2.5	-	2.5
At 30 September 2022	**2.2**	**-**	**2.2**

Analysis of lease liabilities

	Land and buildings £m	Total £m
Lease liabilities		
At 1 October 2020 (unaudited)	(6.1)	(6.1)
Repayments	2.4	2.4
Interest charged	(0.2)	(0.2)
Modification of lease term	(0.2)	(0.2)
Disposals	0.1	0.1
Foreign exchange	0.1	0.1
At 30 September 2021	(3.9)	(3.9)
Additions	(0.2)	(0.2)
Repayments	1.6	1.6
Interest charged	(0.1)	(0.1)
Modification of lease term	(0.4)	(0.4)
Disposals	0.1	0.1
At 30 September 2022	**(2.9)**	**(2.9)**
At 30 September 2021		
Analysed as:		
Non-current	(2.3)	(2.3)
Current	(1.6)	(1.6)
	(3.9)	(3.9)
At 30 September 2022		
Analysed as:		
Non-current	**(1.3)**	**(1.3)**
Current	**(1.6)**	**(1.6)**
	(2.9)	**(2.9)**

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

	30 September 2022 £m	30 September 2021 £m
Less than one year	**(1.7)**	(1.8)
One to two years	**(1.1)**	(1.6)
Two to five years	**(0.2)**	(0.8)
Total contractual undiscounted lease liabilities	**(3.0)**	(4.2)

Amounts recognised in the consolidated income statement

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Depreciation of right-of use assets (as analysed by asset class in the asset table above)	**0.9**	1.7
Interest expense on lease liabilities (included in finance costs)	**0.1**	0.2
Expenses related to short-term leases (included in administrative expenses)	**0.1**	-

The total cost relating to leases of low-value assets and variable lease payments are considered to be immaterial. Since the Group does not generally enter into lease agreements for a period of less than one year, at 30 September 2022, the expected charge for lease commitment for short-term leases in the year ending 30 September 2023 is £0.1m.

Cash outflows from leases

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Total cash outflows for leases (principal and interest repayments)	**1.6**	2.4

Other information

Extension and termination options are included in a number of leases across the Group. These are used to provide operational flexibility for the Group.

19. Trade and other receivables

	30 September 2022			30 September 2021		
	Current assets £m	**Non-current assets £m**	**Total assets £m**	Current assets £m	Non-current assets £m	Total assets £m
Trade receivables, gross	**2.6**	**3.6**	**6.2**	0.8	3.6	4.4
Less: allowance for expected credit losses	**(0.5)**	**-**	**(0.5)**	(0.5)	-	(0.5)
	2.1	**3.6**	**5.7**	0.3	3.6	3.9
Receivables from related parties	**0.9**	**-**	**0.9**	-	-	-
Other receivables	**1.7**	**1.7**	**3.4**	1.3	0.7	2.0
Prepayments and accrued income	**19.8**	**2.2**	**22.0**	6.6	1.7	8.3
Total	**24.5**	**7.5**	**32.0**	8.2	6.0	14.2

The maximum exposure to credit risk for trade receivables is analysed by geographic region as follows:

	30 September 2022 £m	30 September 2021 £m
United Kingdom	**6.0**	4.4
Republic of Ireland	**0.2**	-
Total	**6.2**	**4.4**

Trade receivables are disclosed net of the allowance for expected credit losses, an analysis of which is shown below:

	30 September 2022 £m	30 September 2021 £m
Balance at 1 October	0.5	0.7
Charged to the consolidated income statement	0.2	0.1
Utilised	(0.2)	(0.3)
Total	0.5	0.5

The lifetime expected loss provision for trade receivables at the balance sheet date was:

	30 September 2022			30 September 2021		
	Gross carrying amount £m	Loss provision £m	Net £m	Gross carrying amount £m	Loss provision £m	Net £m
Current	5.7	-	5.7	4.1	(0.2)	3.9
Up to 30 days past due	0.1	(0.1)	-	-	-	-
Between 31 and 90 days past due	0.2	(0.2)	-	-	-	-
More than 90 days past due	0.2	(0.2)	-	0.3	(0.3)	-
Total	6.2	(0.5)	5.7	4.4	(0.5)	3.9

Trade receivables due after more than one year of £3.6m (2021: £3.6m) in respect of amounts held by the Group's merchant card acquirer as security over customer monies has been categorised as non-current as there is no due date. Timing of this receipt is inherently uncertain since there is no contractual timeframe for the the merchant card acquirer to release these funds to the Group. In view of this uncertainty, given the current economic environment for global travel and the length of time that these funds have been held for, at 30 September 2022, the Directors consider it more likely that the funds will be released after a period of more than one year. As such, this amount has been presented within non-current trade receivables.

Credit exposure to individual customers booking expeditions, tours and holidays directly is limited as full payment is required before the issue of tickets and departure. In the case of travel services sold by third party agents, the credit risk depends on the creditworthiness of those third parties, but this risk is also limited because of the relatively short period of credit and the large number of travel agencies used across the Group. Expected credit losses are determined using the age of the receivable and current and previous experience with the counterparty.

Prepayments include amounts paid in advance to suppliers of flight, accommodation and other services in order to guarantee the provision of those supplies. There is a performance risk in respect of the continued operation of those suppliers during the period over which the supplies are made, the maximum amount of risk being equal to the carrying value.

20. Deferred tax assets and liabilities

	30 September 2022		
	Assets £m	Liabilities £m	Net £m
Acquisition related intangible assets	-	(2.3)	(2.3)
Other intangible assets, property, plant and equipment and right of use assets	2.7	(0.2)	2.5
Financial instruments	0.1	(0.4)	(0.3)
Tax value of losses carried forward	0.1	-	0.1
Total	2.9	(2.9)	-
Set off of deferred tax within the same jurisdiction	(0.6)	0.6	-
Net deferred tax	2.3	(2.3)	-

	30 September 2021		
	Assets	Liabilities	Net
	£m	£m	£m
Acquisition related intangible assets	-	(2.5)	(2.5)
Other intangible assets, property, plant and equipment and right of use assets	2.7	(0.3)	2.4
Tax value of losses carried forward	0.1	-	0.1
Total	2.8	(2.8)	-
Set off of deferred tax within the same jurisdiction	(0.3)	0.3	-
Net deferred tax	2.5	(2.5)	-

Acquisition related intangible assets relate to temporary differences in respect of assets and liabilities recognised on the acquisition of the Travelopia Group as predecessor accounting values. Temporary differences on other intangibles, property, plant and equipment and right of use assets principally relate to tax depreciation being different to accounting depreciation in the UK. Temporary differences on financial instruments reflect the fair value of derivatives at 30 September 2022 that will be settled against future transactions. The Group has recognised deferred tax assets relating to tax losses in individual tax jurisdictions to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Movements in deferred taxation are analysed as follows:

	30 September 2021	**Credited/ (charged) to the consolidated income statement**	**30 September 2022**
	£m	**£m**	**£m**
Acquisition related intangible assets	(2.5)	0.2	**(2.3)**
Other intangible assets, property, plant and equipment and right of use assets	2.4	0.1	**2.5**
Financial instruments	-	(0.3)	**(0.3)**
Tax value of losses carried forward	0.1	-	**0.1**
Total	-	-	**-**

	30 September 2020 (unaudited)	Credited/ (charged) to the consolidated income statement	30 September 2021
	£m	£m	£m
Acquisition related intangible assets	(2.1)	(0.4)	(2.5)
Other intangible assets, property, plant and equipment and right of use assets	0.6	1.8	2.4
Financial instruments	(0.1)	0.1	-
Tax value of losses carried forward	0.3	(0.2)	0.1
Total	(1.3)	1.3	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised totalling £10.9m (2021: £13.7m) arising from tax losses carried forward of £7.6m (2021: £9.8m), temporary differences relating to fixed assets of £2.9m (2021: £3.2m) and other short term temporary differences of £0.4m (2021: £0.7m) as the Directors are not sufficiently certain of the extent and timing of their utilisation in the future.

21. Inventories

	30 September 2022 £m	30 September 2021 £m
Operating inventories	**0.1**	0.4

22. Cash and cash equivalents

	30 September 2022 £m	30 September 2021 £m
Cash at bank - unrestricted	**70.4**	38.7
Cash and cash equivalents	**70.4**	38.7

The Group operates three zero balancing pools with a leading global bank for a number of its Group companies. No company outside of the Group was party to these arrangements during the financial year.

The Group has significant cash and cash equivalent balances, the majority of which is held with a leading global bank. Credit risk refers to the risk that this global banking group were to default on its contractual obligations resulting in financial loss to the Group. The Directors do not consider this likely.

23. Trade and other payables

	30 September 2022		
	Current liabilities £m	**Non-current liabilities £m**	**Total £m**
Trade payables	**11.9**	-	**11.9**
Payables to related parties	**0.2**	-	**0.2**
Other payables	**1.2**	-	**1.2**
Other taxes and social security costs	**0.6**	-	**0.6**
Accruals and deferred income	**29.5**	-	**29.5**
Accruals and deferred income analysed as:			
Accrual in respect of management charges due to related parties	**9.0**	-	**9.0**
Accruals and deferred income – third party	**20.5**	-	**20.5**
Client money received in advance	**62.7**	**6.4**	**69.1**
Total	**106.1**	**6.4**	**112.5**

	30 September 2021		
	Current liabilities £m	Non-current liabilities £m	Total £m
Trade payables	4.4	-	4.4
Other payables	3.6	-	3.6
Other taxes and social security costs	0.1	-	0.1
Accruals and deferred income	16.3	-	16.3
Accruals and deferred income analysed as:			
Accrual in respect of management charges due to related parties	3.9	-	3.9
Accruals and deferred income – third party	12.4	-	12.4
Client money received in advance	40.6	4.1	44.7
Total	65.0	4.1	69.1

Current accruals of £9.0m (2021: £3.9m) relate to accrued, un-invoiced management charges due to fellow Travelopia Group subsidiary companies outside of the Company's Group and have been presented separately to accruals for third parties. This additional presentational split accruals has been provided for the comparative figure of £3.9m.

24. Provisions for liabilities

	Dilapidations £m	Other £m	Total £m
At 30 September 2020 (unaudited)	1.9	1.8	3.7
Provided in the financial year	-	1.2	1.2
Released unused in the financial year	-	(1.1)	(1.1)
Cash paid	(0.6)	(0.4)	(1.0)
At 30 September 2021	1.3	1.5	2.8
Provided in the financial year	-	0.1	0.1
Released unused in the financial year	(0.1)	(0.2)	(0.3)
Transfer from trade and other payables	-	1.8	1.8
Cash paid	(0.3)	(1.3)	(1.6)
At 30 September 2022	**0.9**	**1.9**	**2.8**

At 30 September 2022	Dilapidations £m	Other £m	Total £m
Analysed as:			
Non-current	**0.9**	**-**	**0.9**
Current	**-**	**1.9**	**1.9**
	0.9	**1.9**	**2.8**

At 30 September 2021	Dilapidations £m	Other £m	Total £m
Analysed as:			
Non-current	1.2	-	1.2
Current	0.1	1.5	1.6
	1.3	1.5	2.8

Dilapidation provisions

Dilapidation provisions represents the cost of restoring operating leased properties back to their original or required condition at the end of the lease term. The classification between non-current and current reflects the contracted lease termination date.

Other

Other provisions relate to outstanding claims, litigation and restructuring provisions that have been entered into in the ordinary course of business, the amount or timing of which is uncertain. The Group has a policy to mitigate the financial risk of claims, litigation and disaster through insurance with third party providers. During the year, the Group settled one legal case for which provision had been made for in full in the prior year.

25. Interest-bearing loans and borrowings

	30 September 2022		
	Current liabilities £m	**Non-current liabilities £m**	**Total £m**
Interest-bearing subordinated loans from related parties	**-**	**58.7**	**58.7**
Ground rent lease funding on Condover Hall	**0.2**	**4.8**	**5.0**
Total	**0.2**	**63.5**	**63.7**

	30 September 2021		
	Current liabilities	Non-current liabilities	Total
	£m	£m	£m
Interest-bearing subordinated loans from related parties	-	55.9	55.9
Ground rent lease funding on Condover Hall	-	4.8	4.8
Total	-	60.7	60.7

Interest-bearing loans from related parties

In January 2021, the Travelopia Group undertook an internal group restructure to separate its tour operators that are regulated by the Civil Aviation Authority from its other group companies. To effect the restructure, the Company and one subsidiary company acquired these subsidiary companies for a total consideration of £54.3m of which £54.1m was by way of interest-bearing loans payable to companies within the Travelopia Group, referred to as the Group's 'Acquisition Debt'. All of the loans are subordinated and rank below other loans of the Group and are repayable in full on the subsequent disposal of each acquired subsidiary by this Group, or earlier, at the option of the borrower, subject to regulatory approval. Further, each loan, together with any accrued interest, also becomes immediately repayable if the borrowing company ceases to be a subsidiary of the Travelopia group of companies. Interest has accrued on the loan at a rate of 5.2% during the financial year.

Ground rent lease funding on Condover Hall

In the prior financial year, the Group secured ground rent leasing on Condover Hall, raising gross proceeds before transaction costs of £5.1m. Travel Class Limited, the Company's subsidiary undertaking which owned the property, sold the property to a third party and then leased it back to occupy it for a period of 175 years, with an option to repurchase it for a nominal sum of £1 at the end of the lease term. The sale and leaseback transaction enabled the Group to access additional funding while continuing to use the property. In substance, the IFRS 15 criteria for recognising the sale has not been met due to the existence of an option to repurchase which economically compels the Company to exercise this option. As such, this transaction represents secured borrowing and is recognised at inception as a financial liability at the value of the net proceeds in accordance with IFRS 9. The rent is adjusted each year, based on the Consumer Price Index with House costs ('CPIH') rate. Interest has been charged at the effective rate of 5.4%.

26. Derivative financial instruments

At the balance sheet date the fair value of the Group's derivative financial assets and liabilities was as follows:

	30 September 2022		
	Assets fair value	**Liabilities fair value**	**Total fair value**
	£m	**£m**	**£m**
Foreign exchange forwards	**1.9**	**(0.3)**	**1.6**
Analysed as:			
Current	**1.9**	**(0.3)**	**1.6**

	30 September 2021		
	Assets fair value	Liabilities fair value	Total fair value
	£m	£m	£m
Foreign exchange forwards	0.3	(0.1)	0.2
Analysed as:			
Current	0.3	(0.1)	0.2

A gain in the value of derivatives of £1.3m (2021: loss of £0.3m) has been recognised in financial income (2021: expenses) within the consolidated income statement in the financial year. Each individual Group business hedges its foreign currency exposures arising from tour operating, based upon each business's specific forecasts. At any point in time, the Group's businesses will have hedged the majority of its foreign currency exposure (forecast sales and/or purchases and related asset purchases and/or liabilities) for the coming months of trading, predominantly using forward exchange contracts, all of which have a maturity of less than one year from the reporting date.

The Group has elected not to use hedge accounting through reserves such that the fair value movements are recognised in the consolidated income statement.

Fair value measurements
IFRS 7 requires enhanced disclosures about fair value measurements of financial instruments through the use of a three level fair value hierarchy that prioritises the valuation techniques used in fair value calculations. The levels can be broadly described as follows:

- Level 1 – use of unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – use of observable inputs other than quoted prices included within level 1, such as quoted prices for similar assets or liabilities in active markets.
- Level 3 – use of inputs not based on observable market data but reflecting management's own assumptions about pricing the asset or liability.

The Group's financial assets and liabilities measured at fair value at 30 September 2022 consist solely of derivative financial instruments. Derivatives are valued in the market using discounted cash flow techniques. These techniques incorporate inputs at level 2, such as interest rates and foreign currency exchange rates. These market inputs are used in the discounted cash flow calculation incorporating the instrument's term, notional amount, volatility, discount rate and taking credit risk into account. As significant inputs to the valuation are observable in external markets, these instruments are categorised as level 2 in the hierarchy. There have been no changes to this valuation technique in current financial year. There have been no transfers between any levels in the financial year.

27. Share capital

	30 September 2022 £m	30 September 2021 £m
Fully authorised, issued and paid		
27,000,001 (2021: 19,000,001) ordinary shares of £1 each	**27.0**	19.0

The Company issued additional share capital to its parent company, Travelopia Group Holdings Limited in the financial year, raising £5.0m in November 2021 and a further £3.0m in December 2021.

28. Financial instruments and risks, capital management and regulatory covenant

Financial instruments
The tables below set out the Group's classification for each of its financial assets and liabilities:

At 30 September 2022	**Financial assets / (liabilities) at fair value through profit and loss £m**	**Financial assets at amortised cost £m**	**Financial liabilities at amortised cost £m**	**Total carrying value £m**
Assets				
Non-current trade and other receivables	-	5.3	-	5.3
Current trade and other receivables	-	4.7	-	4.7
Derivative assets	1.9	-	-	1.9
Cash and cash equivalents	-	70.4	-	70.4
	1.9	80.4	-	82.3
Liabilities				
Current:				
Trade and other payables	-	-	(42.4)	(42.4)
Derivative liabilities	(0.3)	-	-	(0.3)
Ground rent lease funding on Condover Hall	-	-	(0.2)	(0.2)
Non-current:				
Interest-bearing loans from related parties	-	-	(58.7)	(58.7)
Ground rent lease funding on Condover Hall	-	-	(4.8)	(4.8)
	(0.3)	-	(106.1)	(106.4)

At 30 September 2021	Financial assets / (liabilities) at fair value through profit and loss £m	Financial assets at amortised cost £m	Financial liabilities at amortised cost £m	Total carrying value £m
Assets				
Non-current trade and other receivables	-	4.3	-	4.3
Current trade and other receivables	-	1.6	-	1.6
Derivative assets	0.3	-	-	0.3
Cash and cash equivalents	-	38.7	-	38.7
	0.3	44.6	-	44.9
Liabilities				
Current:				
Trade and other payables	-	-	(24.3)	(24.3)
Derivative liabilities	(0.1)	-	-	(0.1)
Non-current:				
Interest-bearing loans from related parties	-	-	(55.9)	(55.9)
Ground rent lease funding on Condover Hall	-	-	(4.8)	(4.8)
	(0.1)	-	(85.0)	(85.1)

Fair value disclosures
The fair values of all financial assets and liabilities approximate to their carrying values. Details of the valuation techniques used to determine the fair value of derivative financial instruments is disclosed in Note 26.

Financial risks
The Group is exposed to a variety of financial risks:

- Capital risk (in respect of its capital structure).
- Liquidity risk (in respect of the Group's ability to meet its liabilities);
- Credit risk (in respect of recovery of amounts owing to the Group); and
- Market risk (in respect of foreign currency exchange risk and interest rate risk)

Capital risk and management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and ensure that the CAA's regulatory covenants are met throughout the financial year. The Group defines capital as cash balances (Note 22), share capital (Note 27) and interest-bearing loans and borrowings (Note 25).

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group operates zero balancing cash pools with a leading global bank for its UK and Irish Group companies. These pooling arrangements provide the individual businesses with the flexibility over their cash balances, whilst the Travelopia Group Treasury team ensures that each pool total remains in credit each day in accordance with the pooling requirements.

The Group has one liquidity covenant with the Civil Aviation Authority ('CAA'), this being considered as the key financial and liquidity risk to the Group. At each month end, the Group is required to have a minimum of 70% of cash compared to customer deposits. Compliance with the 70% cash to client money ratio test should ensure that the Group has sufficient liquidity to discharge all liabilities as they fall due.

Subject to certain permitted payments, cash within the internally ring-fenced group cannot be passed to either the Company's parent, TGHL or its other subsidiaries that are outside of the Travelopia Adventure Limited Group without prior agreement of the CAA. This test has been met since the Travelopia Group's internal restructure in January 2021.

£8.0m of additional share capital was provided by TGHL during the current financial year (Note 27).

The interest-bearing loans from related parties disclosed in Note 25 are subordinated, do not have a fixed repayment date and their repayment is conditional, thereby eliminating liquidity risk on this financial instrument. Since there are no contractual cashflows on these loans, they have excluded from the following analysis. The Ground rent deal on Condover Hall does not include any bullet repayment terms.

The following are the undiscounted contractual cash flows of financial liabilities, using inflation rates in force at the balance sheet date:

			Contractual cash flows analysed as payable:			
30 September 2022	**Carrying amount £m**	**Total contractual cash flows £m**	**No later than 1 year £m**	**Later than 1 year and no later than 2 years £m**	**Later than 2 years and no later than 5 years £m**	**Later than 5 years £m**
Ground rent lease funding on Condover Hall	**5.0**	**19,068.9**	**0.2**	**0.2**	**0.7**	**19,067.8**
Trade and other payables	**42.4**	**42.4**	**42.4**	-	-	-
Total	**47.4**	**19,111.3**	**42.6**	**0.2**	**0.7**	**19,067.8**

			Contractual cash flows analysed as payable:			
30 September 2021	Carrying amount £m	Total contractual cash flows £m	No later than 1 year £m	Later than 1 year and no later than 2 years £m	Later than 2 years and no later than 5 years £m	Later than 5 years £m
Ground rent lease funding on Condover Hall	4.8	3,159.6	0.1	0.2	0.7	3,158.6
Trade and other payables	24.3	24.3	24.3	-	-	-
Total	29.1	3,183.9	24.4	0.2	0.7	3,158.6

The timing reflected in the tables above is based on the first date that the Group can be contractually required to settle each liability.

A further analysis of the amounts due after five years for the Ground rent lease funding on Condover Hall is as follows:

	£m
Within 5-10 years	**1.4**
Within 10-20 years	**4.2**
Within 20-50 years	**35.9**
Within 50-100 years	**488.4**
Within 100-174 years	**18,537.9**
	19,067.8

The undiscounted contractual cash flows are calculated by applying the aggregate of the applicable margin, inflation rate and interest rate cap in the contract as at 30 September 2022 (totalling 5.0%) to the annual cashflows over all remaining 174 years and is therefore not a reliable indicator of the total undiscounted amount that will be paid out over the entire term. The undiscounted contractual cash flows as at 30 September 2022 excluding any inflation rate assumption is £32.7m (2021: £32.9m).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash balances, receivables and derivative financial instruments. Credit risk is managed separately for treasury and operating related credit exposures. Other than amounts that are being held with the Group's merchant card acquirer, and which are disclosed in trade receivables falling due after more than one year, there is no material concentration of credit risk with respect to current trade and other receivables as the Group has a large number of dispersed customers. Credit risk in respect of cash and cash equivalents is managed by only having material cash balances with highly reputable global banks.

The maximum credit exposure to the carrying amount of financial assets at the balance sheet date is shown in the table below.

	Carrying value 30 September 2022 £m	Carrying value 30 September 2021 £m
Trade and other receivables	**9.1**	5.9
Trade receivables due from related parties	**0.9**	-
Cash and cash equivalents	**70.4**	38.7
Derivatives - contracts used for hedging	**1.9**	0.3
Total	**82.3**	44.9

Trade and other receivables exclude prepaid accommodation, other prepayments and sales taxes which do not meet the definition of a financial instrument. Prepayments for both flights and hotel accommodation, whilst not meeting the definition of a financial asset under IFRS 9, give rise to a risk similar to credit risk due to the inherent risk of the Group not recovering the prepayment through full delivery of the related goods and services. From time to time, the Group's prepayments may concentrate towards specific counterparties or geographical locations. The carrying amount of prepayments (which are presented within current assets) forms their maximum credit exposure.

Further information in respect of credit risk is provided in Note 19.

Market risk – foreign currency exchange risk
Foreign currency risk results from any cross-border element of the Group's trading and arises on sales and purchases, assets and liabilities that are denominated in a currency other than the functional currency of individual Group businesses. Some of this risk is managed by the use of foreign exchange forward contracts. Transactions are only undertaken to hedge underlying exposures. Financial instruments are not traded, nor are speculative positions taken.

The Group is exposed to currency risk on sales, purchases and cash that are denominated in a currency other than the functional currency of individual Group businesses (which are principally Sterling and the Euro). These two exchange rates were used to translate to presentation currency (excluding the impact of hedged transactions) and are illustrative of the rates applied during the financial year:

	Year ended 30 September 2022		Year ended 30 September 2021	
£1 GBP equivalent	**Average rate**	**Closing rate**	Average rate	Closing rate
US Dollar	**1.2929**	**1.1162**	1.3694	1.3473
Euro	**1.1804**	**1.1389**	1.1487	1.1632

Each individual Group business hedges its foreign currency exposures arising from tour operating, based upon its specific forecasts. At any point in time, the Group's businesses will have hedged a portion of its foreign currency exposure (forecast sales and/or purchases) for the coming months of trading, predominantly using forward exchange contracts, which have a maturity of less than one year from the reporting date. The Group has elected not to use hedge accounting through reserves such that the fair value movements are recognised in the consolidated income statement.

As at 30 September 2022, the Group's net exposure to foreign exchange risk was as follows:

	30 September 2022	
Net foreign currency financial assets	***US$m***	***EURm***
Cash	**1.6**	**4.3**
Derivative financial instruments – notional values	**16.1**	**41.0**
Total	**17.7**	**45.3**

The Group presents its consolidated financial statements in Sterling and, as a result, is also subject to foreign currency exchange translation risk in respect of the translation of the results and underlying net assets of its foreign operations into Sterling. The Group does not hedge against this risk since any gains and losses are recorded directly in equity.

Sensitivity analysis
This sensitivity analysis is for illustrative purposes only and should not be considered a projection of likely future events and gains or losses.

The Group has used a sensitivity analysis technique that measures the estimated change to the consolidated income statement and equity of a 10% strengthening or weakening in Sterling against the Euro and USD, from the rates applicable at the balance sheet date, with all other variables remaining constant, these being considered to be reasonably possible changes to interest rates and Sterling rates.

	30 September 2022	
Impact of a 10% change	**Increase / (reduction) in profit before tax £m**	**Increase / (reduction) in equity £m**
Strengthening of the US Dollar	**1.8**	**1.8**
Weakening of the US Dollar	**(1.4)**	**(1.4)**
Strengthening of the Euro	**4.4**	**4.4**
Weakening of the Euro	**(3.6)**	**(3.6)**

This sensitivity analysis assumes changes in the fair value of derivative financial instruments (estimated by discounting the future cash flows to net present values) use appropriate market rates prevailing at the year end.

Market risk – interest rate risk
The Group is exposed to interest rate risk from the Group's loans from related parties, details of which are disclosed in Note 25. A 100 basis points change in interest rates would not result in a material change in interest expense (and hence change in profit before tax) in the consolidated income statement and equity.

29. Movements in liabilities arising from financing activities

Financial liabilities	**Lease liabilities £m**	**Travelopia Group loans £m**	**Other financial liabilities £m**	**Total £m**
At 30 September 2020 (unaudited)	6.1	53.4	-	59.5
Cash inflow in the financial year	-	-	5.1	5.1
Cash outflow in the financial year	(2.4)	-	(0.3)	(2.7)
Non-cash movements in the financial year	0.2	2.5	-	2.7
At 30 September 2021	3.9	55.9	4.8	64.6
Cash outflow in the financial year	(1.6)	-	(0.1)	(1.7)
Non-cash movements in the financial year	0.6	2.8	0.3	3.7
At 30 September 2022	**2.9**	**58.7**	**5.0**	**66.6**

Details of the loans to companies within the Travelopia Group loans and other financial liabilities are provided in Note 25. Details of the Group's lease liabilities are provided in Note 18.

30. Subsidiary undertakings at 30 September 2022

The Group's consolidated financial statements include the results of the Company, its direct and all of its indirect subsidiaries included in the table below. All subsidiaries are wholly owned.

Name of Undertaking	Country of incorporation	Registered address	Share class (100% owned unless stated otherwise)
Adventure Transport Limited*	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
CHS Tour Services Ltd	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Events International Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Events International (Sports Travel) Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Exodus Travels Limited*	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Experiential Student Travel Group Limited*	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Francotel Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Gullivers Sports Travel Limited*	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Hayes & Jarvis (Travel) Limited*	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Le Piolet SCI	France	Les Menuires, 73440, Saint Martin de Belleville, France	€15.2449 Ordinary shares
Molay Travel SARL	France	Le Chateau, 14330, Le Molay Littry, France	€15.2449 Ordinary shares
Molay Travel SCI	France	Le Chateau, 14330, Le Molay Littry, France	€15.2449 Ordinary shares
Platinum Event Travel Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Ski Bound Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Skibound France SARL	France	Espace Val d'Arly, 95 Rue Derobert, 73400, Ugine, France	€15.2449 Ordinary shares
Skibound GmbH	Austria	Bösendorferstraße 2/15, 1010, Vienna, Austria	Quota Nil Par Value shares
Specialist Holiday Group Ireland Limited*	Ireland	One Spencer Dock, North Wall Quay, Dublin 1, Ireland	€1.25 Ordinary shares
Specialist Holidays (Travel) Limited*	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travel Class Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelbound European Tours Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelmood Limited*	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
Travelopia SA (PTY) limted*	South Africa	2nd Floor Marina Centre, Lobby 1, West Quay Road, V&A Waterfront, South Africa	NPV Ordinary shares
Trek America Travel Limited*	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
TTSS Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
TTSS Transportation Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
World Challenge Expeditions, Inc	United States	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County DE, United States	US$0.01 Common stock
World Challenge Expeditions Limited	United Kingdom	Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD, United Kingdom	£1.00 Ordinary shares
World Challenge Expeditions Pty Ltd	Australia	Level 13, Freshwater Place, 2 Southbank Boulevard, Southbank VIC 3006	AUD1.00 Ordinary shares
World Challenge NZ Limited	New Zealand	Gillies Ave Office Park, Suite 101, 27 Gillies Avenue, Newmarket, Auckland 1023, New Zealand	NZD1.00 Ordinary shares

* Direct shareholding of the Company

31. Audit exemption provided to certain UK Group subsidiaries

The Company is providing certain wholly owned UK subsidiaries (as disclosed in Note 30) and which are included within these Group consolidated financial statements) with guarantees of their respective debts in the form prescribed by Section 479(C) of the Companies Act 2006 ('the Act') such that they can claim exemption from requiring an audit in accordance with Section 479(A) of the Act. These guarantees cover all of the outstanding actual and contingent liabilities of these companies at 30 September 2022:

Subsidiary	Company number
Adventure Transport Limited	05742973
CHS Tour Services Limited	03488873
Events International (Sports Travel) Limited	03258979
Events International Limited	01956764
Experiential Student Travel Group Limited	12548936
Platinum Event Travel Limited	04278759
Travelmood Limited	01934932
Trek America Travel Limited	04803471
TTSS Transportation Limited	04053188

32. Post balance sheet events

There have been no post balance sheet events that have had a material impact on the results of the Group for the financial year ended 30 September 2022.

33. Ultimate parent company and controlling party

The Directors consider the ultimate parent company and controlling party of the Company to be KKR & Co. Inc, a company incorporated in the United States of America, on behalf of the funds under its management. The immediate parent company is Travelopia Group Holdings Limited, a company incorporated in England and which is the smallest and largest group to consolidate the results of the Company and Group. The registered address of Travelopia Group Holdings Limited is Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD.

34. Related party transactions

The Group had the following transactions and year end balances with a fellow group of companies that is also wholly owned by Travelopia Group Holdings Limited, (known internally as 'the Banking Group') and which is considered to be a related party:

	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m
Consolidated income statement		
Income:		
Revenue - transport services	**0.9**	0.3
Expenses:		
Management and other cost recharges	**5.3**	4.1
Bonding cost recharges	**0.1**	0.1
Financial income:		
Interest income received on intercompany loans	**-**	0.1
Financial expenses:		
Interest payable on intercompany loans	**2.7**	1.8
Consolidated balance sheet		
Accruals payable	**(9.0)**	(3.9)
Trade receivables	**0.9**	0.1
Trade payables	**(0.2)**	(0.1)
Interest bearing loans payable (Note 25)	**(58.7)**	(55.9)

	Note	**30 September 2022 £m**	30 September 2021 £m
Non-current assets			
Investments in subsidiaries	C	**30.4**	28.2
		30.4	28.2
Current assets			
Trade and other receivables	D	**32.4**	40.5
Income tax – group relief receivable		**0.3**	-
Cash and cash equivalents	B	**60.8**	28.8
		93.5	69.3
Total assets		**123.9**	97.5
Current liabilities			
Trade and other payables	E	**(76.9)**	(49.0)
		(76.9)	(49.0)
Non current liabilities			
Interest bearing loans	F	**(33.4)**	(31.8)
		(33.4)	(31.8)
Total liabilities		**(110.3)**	(80.8)
Net assets		**13.6**	16.7
Equity			
Called up share capital	G	**27.0**	19.0
Profit and loss account		**(13.4)**	(2.3)
Total equity attributable to owners of the parent		**13.6**	16.7

The loss after tax for the financial year was £11.1m (2021: £2.3m). The notes on pages 55 to 58 form part of the Company's financial statements.

The financial statements on pages 53 to 58 were approved and authorised for issue by the Board of Directors on 6 March 2023 and signed on its behalf by:

D A Binefa
Director

Company Number: 01893401

	Note	Called up share capital £m	Profit and loss account £m	Total equity £m
At 30 September 2020 (unaudited)		-	-	-
Shares issued in the financial year	G	19.0	-	19.0
Total comprehensive loss for the financial year		-	(2.3)	(2.3)
At 30 September 2021		**19.0**	**(2.3)**	**16.7**
Shares issued in the financial year	G	8.0	-	8.0
Total comprehensive loss for the financial year		-	(11.1)	(11.1)
At 30 September 2022		**27.0**	**(13.4)**	**13.6**

The Company is the parent company of certain subsidiaries within the Travelopia group of companies (together, the 'Group') that are ring-fenced under the provisions of a Deed of Undertaking entered to with the Civil Aviation Authority ('CAA') on 20 January 2021.

The Company had no employees in either financial year other than its Directors, further details for which are given in Note 9 of the consolidated financial statements.

A. Accounting policies

Basis of preparation

The following accounting policies have been applied in dealing with items which are considered material in relation to the Company's financial statements. The Company's financial statements are presented in the Company's presentational currency of Sterling, rounded to the nearest one hundred thousand pounds.

Accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable UK accounting standards and under the historical cost convention. The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Company has taken advantage of section 408 of the Companies Act 2006 not to publish a separate Income Statement and related notes for the Company. The loss after tax for the financial year of £11.1m (2021:£2.3m) is included within the Company Statement of Changes in Equity.

The Company has elected to adopt both the provisions of Statutory Instrument 2015 No.980 'The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015' ('SI 980') which permits the use of the formats prescribed in International Accounting Standard 1 'Presentation of financial statements' ('IAS 1') for the primary statements, as opposed to using the formats prescribed by the UK Companies Act.

The Company has also elected to prepare its parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). As such, the Company has taken advantage of the following applicable disclosure exemptions as set out in FRS 101:

IFRS	Relevant paragraphs of IFRS	Disclosure exemptions taken
IFRS 7 'Financial instruments'	All paragraphs	All disclosure requirements.
IAS 1 'Presentation of financial statements'	38	Paragraph 79(a)(iv) of IAS 1;
	38 A to D	Certain additional comparative information.
	10(d) and 111	A statement of cash flows and related information.
	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.

The Company has also taken the exemption from disclosing auditor remuneration in relation to the audit of the Company as details are set out in Note 10 of the consolidated financial statements, above.

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

Trade and other receivables
Trade and other receivables are amounts due from fellow group subsidiaries 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 expected credit loss. Receivables with a short duration are not discounted.

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. The Company is a cash pooling header company within the Travelopia Group. Cash and cash equivalents include cash balances held by the Company on behalf of fellow Group subsidiary companies in the cash pool, for which a corresponding amount due to those Group undertakings is recognised in the balance sheet. Overdrawn balances of other companies in the cash pool that are funded by the Company are reported as amounts due from Group undertakings.

Impairments
Financial assets
The Company recognises a loss allowance for expected credit losses on financial assets subsequently measured at amortised cost, using the 'general approach' permitted under IFRS 9. The loss allowance is measured at an amount equal to the 12-month expected credit loss amount, unless there has been a significant increase in that asset's credit risk since initial recognition, in which case an amount equal to the lifetime expected credit loss is recognised.

Trade and other payables
Trade and other payables are obligations to pay for services that have been acquired in the ordinary course of business. 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.

Called up share capital
Ordinary shares are classified as equity.

B. Critical judgement and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

***Critical judgement* - Cash pooling arrangements**
The Company is the cash pool header company for its subsidiaries zero balancing cash pooling facilities whereby the Sterling, Euro and US Dollar cash and overdraft balances of the Company's subsidiaries that are within the cash pool are swept to nil daily into the Company's bank account. At 30 September 2022, the Company held £60.8m (2021: £28.8m) of cash within the cash pool. Of this balance, the aggregate net cash balance held on behalf of the Company's subsidiaries was £44.5m (2021: £8.6m), comprising £76.9m (2021: £49.0m) held on behalf of the cash pool companies (and hence due back to them), together with £32.4m (2021: £40.5m) of overdraft amounts that the Company has funded (and is hence due from them). Judgement has been required to determine whether these balances should be presented as the Company's cash balance together with a corresponding amount due or from fellow Group subsidiary companies or, since the Company is holding the cash on behalf of (and funding the overdrafts of) these companies, whether this cash, together with amounts due back to and from these companies, should be de-recognised. The Directors have judged it to be more appropriate to recognise the cash pool balances as part of the Company's cash balances together with a corresponding amount due to and from fellow Group undertakings.

Key sources of estimation uncertainty
The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets within the next financial year are as follows:

Investments in subsidiary undertakings
Judgement is required in the assessment of the carrying amount of the investment in the Company's direct undertakings. Estimation of the recoverable amount of the investment requires the Company to assess future cash flows projected to be generated by the subsidiary (and its subsidiaries), which in turn is dependent upon a variety of factors including prevailing economic conditions and consumer demand for the products of the subsidiaries of that entity. The Directors have tested the carrying value of its investments, following indicators of impairment that had arisen due to losses incurred as a result of the Covid-19 pandemic.

During the financial year, the Company injected £8.4m of capital into Travelmood Limited following an issue of shares by that company, in order to rectify a deficit in its net asset position, following its cessation of trade. Since the Directors are not anticipating Travelmood Limited will trade in the foreseeable future, no future cash flows are expected to be generated and as such, this additional investment has been fully impaired with immediate effect.

Further, the cost of investment into Specialist Holidays Group Ireland Limited is considered to be partially impaired following a value in use impairment test, with a £1.3m impairment charge being recognised in the Company's income statement. The key assumptions in this value of use calculation are i) the level of excess cash superfluous to its needs that is held by the subsidiary, ii) the subsidiary's cash flow forecasts in its Budget and Strategic Plan; iii) the growth rate used after the two year Budget and Strategic Plan period into perpetuity; and iv) the discount rate used. Management estimates the discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to each undertaking. The Group prepares detailed cash flow forecasts derived from the most recent financial budgets and strategic plans approved by the Directors for the next three years and assumes a growth rate applied into perpetuity of 2.0%. The pre-tax rate used to discount the forecast cashflows of the underlying businesses was 14.3%.

As a result of the impairment charge arising, any reduction in excess cash, increase in discount rates, reduction in long term growth rate or permanent reduction to future cash flows would lead to an additional impairment in the carrying value of investments. Excess cash within the subsidiary is considered to be £9.5m and therefore any increase or decrease in this balance would have a corresponding decrease or increase on this impairment charge, respectively. A 20% reduction/increase in cash flows in FY24 and therefore continuing into perpetuity would result in an additional/reduced impairment of £1.5m. A 1% decrease/increase in the long term growth rate would result in an additional/reduced impairment of £0.5m/£0.6m respectively. An increase/decrease in the discount rate of one percentage point would result in an additional/reduced impairment of £0.5m respectively.

C. Investments in subsidiaries

	Shares in subsidiaries £m
Cost	
At 30 September 2021	32.3
Additions	11.9
At 30 September 2022	**44.2**
Accumulated impairment	
At 30 September 2021	(4.1)
Impairment	(9.7)
At 30 September 2022	**(13.8)**
Net book value	
At 30 September 2021	28.2
At 30 September 2022	**30.4**

The Company is the parent company of a number of subsidiaries within the Travelopia group of companies that are ring-fenced under the provisions of a Deed of Undertaking entered to with the Civil Aviation Authority ('CAA') on 20 January 2021. A list of the Company's direct and indirect subsidiary undertakings is included in Note 30 of these consolidated financial statements.

As a result of the impact of the Covid-19 pandemic, as well as receipts of dividends during the financial year from its subsidiary undertakings, the Directors reviewed the carrying value of all its investments in subsidiaries. The tests indicated that there has been an impairment in the carrying value of two of these investments and accordingly impairment charges totalling £9.7m (2021: £4.1m) have been made to reduce the book value of the investment to its expected recoverable value. Of this total, one impairment charge for £8.4m arose as a result of recapitalising one subsidiary, Travelmood Limited, so as to rectify a net asset deficit position following that subsidiary's cessation of trade, *ahead of its eventual winding up. As such, the additional investment has been impaired in full. The remaining* impairment charge of £1.3m relates to the cost of investment in Specialist Holidays Group Ireland Limited, details for which are given in Note A.

D. Trade and other receivables

	30 September 2022 £m	30 September 2021 £m
Amounts due from Group undertakings	**32.4**	40.5

As the header company to the Group's cash pooling facility, the Company funds overdrawn balances of fellow Group subsidiaries that are within the cash pool in order to ensure that all balances in the cash pool are swept to zero on a daily basis. At 30 September 2022, the Company funded, in aggregate, £32.4m (2021: £40.5m) of overdraft balances. These are reported above as amounts due from Group undertakings.

E. Trade and other payables

	30 September 2022 £m	30 September 2021 £m
Amounts due to Group undertakings	**76.9**	49.0

As the header company to the Group cash pooling facility, the Company holds cash of fellow Group subsidiaries that are within the cash pooling facility. At 30 September 2022, the Company held, in aggregate, £76.9m (2021: £49.0m) of cash on behalf of those companies in the cash pool. These are reported above as amounts due to Group undertakings.

F. Interest-bearing loans

	30 September 2022 £m	30 September 2021 £m
Loans payable to Travelopia Group undertakings	**33.4**	31.8

To effect the Group restructure as outlined above, the Company has entered into a number of loan agreements with the former parent companies of the subsidiary undertakings that the Company has acquired. The loans are unsecured, have borne an interest rate of 5.18% and are repayable in the event of the Company disposing of the relevant subsidiary undertaking, for which the loan related to, or earlier, subject to CAA regulatory approval.

G. Called up share capital

	30 September 2022 £m	30 September 2021 £m
Fully authorised, issued and paid		
27,000,001 (2021: 19,000,001) ordinary shares of £1 each	**27.0**	19.0

To provide the Company and its Group with additional funding in the year, the Company issued additional share capital to its parent company, Travelopia Group Holdings Limited in the financial year, raising £5.0m in November 2021 and a further £3.0m in December 2021.

H. Post balance sheet events

There have been no post balance sheet events that have had a material impact on the results of the Group for the financial year ended 30 September 2022.