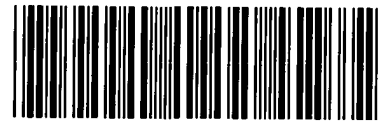


**Travelmood Limited**  
**Reports of the Directors and financial statements**  
**for the year ended 30 September 2019**  
**Company number 1934932**

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**Travelmood Limited**  
**Reports of the Directors for the year ended 30 September 2019**

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The Directors present their Strategic and Directors' Reports on and the audited financial statements of Travelmood Limited (the "Company") for the year ended 30 September 2019. The Company is a wholly owned subsidiary within the Travelopia Group of companies ("the Group"), headed in the UK by Tim Intermediateco Limited (renamed Travelopia Group Holdings Limited with effect from 1 May 2020). The names Tim Intermediateco Limited and Travelopia Group Holdings Limited are synonymous within the Reports of the Directors and financial statements.

**STRATEGIC REPORT**

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

**Review of the business**

The Company's loss on ordinary activities before taxation for the year ended 30 September 2019 was £260,000 (2018: £65,000). There were no dividends paid during the year (2018: £nil) and the Directors are unable to recommend the payment of a final dividend.

To effectively measure the development, performance and position of the Company, the following Key Performance Indicators (KPIs) are of most relevance.

|  | Year ended<br>30 September<br>2019 | Year ended<br>30 September<br>2018 |
|--|------------------------------------|------------------------------------|
|  | No./£'000                          | No./£'000                          |
| Number of passengers   | 6,300                              | 8,224                              |
| Revenue  | 16,764                             | 20,906                             |
| Margin per passenger   | 0.500                              | 0.445                              |
| Loss on ordinary activities before taxation                                | (260)                              | (65)                               |
| Exceptional items  | (300)                              | -                                  |
| Profit/(Loss) on ordinary activities before exceptional items and taxation | 40                                 | (65)                               |
| Net liabilities  | <u>(8,038)</u>                     | <u>(7,626)</u>                     |

The Company's brand, Austravel, is a specialist tour operator to predominantly Australia and New Zealand. For the year ended 30 September 2019, passenger volumes decreased against the prior year but margin per passenger increased, driven by increased focus on bookings delivering higher margin levels. There were £300,000 (2018: £65,000) of exceptional costs relating to restructuring and impacts from the failure of Thomas Cook.

The balance sheet shows a decrease in trade receivables, payments received in advance and prepayments and accrued income. This is driven by lower trading volumes.

The treasury function is managed centrally by Travelopia Central Operations Limited and supports the business activities and financial risks faced by the Company. This includes setting and monitoring hedging policies, centralising the cash management systems, reporting and monitoring daily cash balances and forecasting cash requirements.

**Funding, liquidity, post balance sheet events, and going concern**

At 30 September 2019, the Company had net liabilities of £8,038,000 (2018: £7,626,000) and net current liabilities of £8,038,000 (2018: £7,830,000).

In the first six months of the financial year to 30 September 2020, the business was impacted by the Australian bush fires and then in March 2020 the widespread closure of international markets due to Covid-19 meant that profitability will be significantly lower than budgeted for the current financial year.

## STRATEGIC REPORT (continued)

### Funding, liquidity, post balance sheet events, and going concern (continued)

In late January 2020, the Directors of the Company initiated a strategic review of the structure and operations of the Austravel brand. After careful consideration, it was decided that all new bookings to the destinations served by Austravel would be served by its sister brand Hayes and Jarvis.

The Company will continue to serve existing Austravel bookings, but will not be taking any new bookings (effective 31 May 2020) and therefore, after honouring any existing bookings (including vouchers), will cease to trade. On this basis, these financial statements have not been prepared on a going concern basis. However, as some of the existing bookings have departure dates beyond the financial year ended 30 September 2020, the Directors continue to apply normal consideration to the funding and liquidity the Company over the next 12 months. In doing so, they have made enquiries to the Group's Board of Directors to ensure sufficient financial support is provided where necessary to ensure that all liabilities are settled in full.

The Company and the Group's Directors are monitoring the Covid-19 situation closely, drawing up and implementing plans to mitigate the impact of the operational risks where possible, including cancellation, postponement, diversion and re-routing of our holidays, together with numerous cost reduction actions, with the intention of reducing losses and cash outflows subsequently arising.

The Company's ultimate UK parent company, Tim Intermediateco Limited has agreed to provide financial support to the Company if it should be required, in order that it can continue to honour existing bookings and meet its liabilities as they fall due. As part of their assessment of going concern, the Directors of the Company have considered the funding and liquidity position of the Group. Following this assessment, the Directors of the Company are confident that the Group can continue as a going concern and that sufficient financial support will be available to honour existing bookings and meet its liabilities as they fall due.

### Principal risks and uncertainties

Set against the evolving macroeconomic environment, the principal risks are:

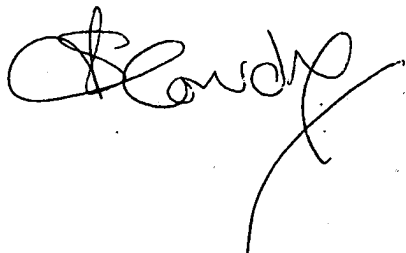
- **Impact of COVID-19 coronavirus.** The Group has committed to providing ongoing support to the Company. The current global travel restrictions impact the Group's ability operate and deliver their core products and thus generate revenue. While the duration of such restrictions is currently unknown, the Group's scenario modelling demonstrates that it has sufficient liquidity to endure restrictions for at least the 12 months from the date of signing these financial statements in order to provide the necessary financial support in honouring existing Company bookings.
- **Supply chain risk.** Providers of holiday and travel services are exposed to the inherent risk of failure in their key suppliers, including airlines. If we are unable to manage financial exposure, should the demand drop, the Company could be exposed to financial losses. This risk is higher in the current environment due to Covid-19.
- **Input cost volatility.** A significant proportion of operating expenses is in non-local currency which therefore exposes the business to changes in exchange rates. There is the risk that if we do not manage adequately the volatility of exchange rates and other input costs, then this could result in increased costs and lead to margin erosion, impacting on our ability to achieve profit targets. The Company manages this risk using a hedging policy of taking out contracts to purchase non-functional currency many months in advance of the underlying transaction, thereby creating an element of certainty over the Company's future cost base. This protects the Company's profit margins, although the accounting policy adopted by the Company will cause volatility in the statement of total comprehensive income in the period between the time that the option is purchased and the underlying transaction is recognised.
- **Legal & regulatory compliance.** The Company operates in a highly-regulated environment, particularly in relation to consumer protection, tax, aviation and the environment. If we do not establish an effective system of internal control that ensures we operate in compliance with all legal and regulatory requirements, we will suffer negative impact, damage to our reputation and reduced revenues and/or higher input costs.

**STRATEGIC REPORT (continued)**

**Principal risks and uncertainties (continued)**

- **Health & safety.** For all providers of holiday and travel services, ensuring the health and safety of customers is of paramount importance. There is the risk of accidents occurring causing injury or death to customers or colleagues whilst on one of our holidays. This could result in reputational damage to the Company and/or financial liabilities through legal action being taken by the affected parties.
- **Cyber security.** Our responsibility is to protect the confidentiality, integrity and availability of the data we have and the services we provide to our customers, our employees, our suppliers and service delivery teams. There is a risk that our IT systems become exposed and susceptible to cyber-attacks and hacks. If we do not ensure we have the appropriate level of security controls in place, we could see a significant level of damage to our IT systems, including the ability to sell or provide holidays and maintain customer's data protection, causing significant reputational damage and adverse financial implications. We continuously review, test and monitor to identify potential threats as and when they arise.

On behalf of the Board



S A Cowdry  
Director

Company Number 1934932

Dated 8 May 2020

## **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:

S A Cowdry  
H E Adamson (appointed 26 July 2019)  
J L Evans (appointed 4 November 2019)

S A McCloskey served as a Director during the year and resigned on 26 July 2019.

### **Directors' insurance**

Throughout the financial year until the approval of these financial statements the ultimate parent company, Travelopia Holdings Limited, maintained Directors' and Officers' Liability insurance policies on behalf of the Directors of the Company. These policies meet the Companies Act 2006 definition of a qualifying third party indemnity provision.

### **Directors' statement as to disclosure of information to auditors**

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Business review**

A fair review of the business, including an analysis of the performance and financial position of the Company, together with details of key performance indicators, dividends, funding and liquidity, future developments and post balance sheet events are included within the Strategic Report.

### **Employees**

The Company aims to keep employees aware of all material factors affecting them as employees and the performance of the Company. 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 divisional internal websites. A free confidential whistle-blowing hotline is also provided for employees.

Training and career development programmes are provided. It is our policy to achieve and maintain a high standard of health and safety at work and to ensure everyone, regardless of race, religion or sex and including disabled people where reasonable and practicable is treated in the same way with regards to employment, training, career development and promotion. Applications for the employment of disabled people are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. Every effort is made with the rehabilitation of anyone who becomes disabled during their employment.

The Company 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 of our policies and the way we do business. We 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.

**DIRECTORS' REPORT (continued)**

**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.

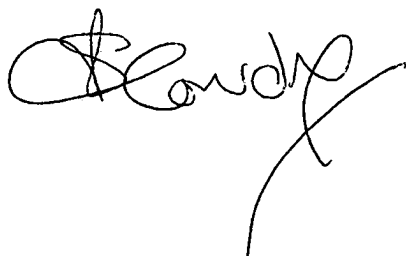
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced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

In preparing 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 2 to the financial statements, the Directors do not believe the going concern basis to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'S A Cowdry', with a long, sweeping flourish extending downwards and to the right.

**S A Cowdry**  
**Director**

Company Number 1934932

Dated 8 May 2020

### **Opinion**

We have audited the financial statements of Travelmood Limited ("the Company") for the year ended 30 September 2019 which comprise the Statement of total comprehensive income, Balance sheet, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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### **Basis for opinion**

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

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### **Emphasis of matter – basis of preparation**

We draw attention to note 2 to the financial statements which explains that the Directors' have taken the decision that the Company will not take any new bookings (effective 31 May 2020) and therefore, after honouring any existing bookings, will cease to trade. Accordingly, the financial statements have been prepared on a basis other than that of a going concern as described in note 2. Our opinion is not modified in respect of this matter.

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### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

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

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### **Responsibilities of Directors**

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

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

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### **Auditor's responsibilities for the audit of the financial statements**

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

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

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### **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.



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

Date: 8 May 2020

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



**Travelmood Limited**
**Statement of total comprehensive income for the year ended 30 September 2019**

|  |             | <b>Year ended<br/>30 September<br/>2019<br/>£'000</b> | <b>Year ended<br/>30 September<br/>2018<br/>£'000</b> |
|--|-------------|---|---|
|  | <b>Note</b> |   |   |
| <b>Revenue</b>                                     |             | <b>16,764</b>   | 20,906  |
| Cost of sales                                      |             | <b>(13,615)</b>                                       | (17,250)  |
| <b>Gross profit</b>                                |             | <b>3,149</b>  | 3,656   |
| Administrative expenses                            |             | <b>(3,428)</b>  | (3,799)   |
| <b>Operating loss</b>                              |             | <b>(279)</b>  | (143)   |
| Finance income                                     | 6           | <b>19</b>   | 80  |
| Finance expense                                    | 7           | -   | (2)   |
| <b>Loss on ordinary activities before taxation</b> | 8           | <b>(260)</b>  | (65)  |
| Tax expense  | 10          | <b>(152)</b>  | (429)   |
| <b>Loss for the financial year</b>                 |             | <b>(412)</b>  | (494)   |
| <b>Total comprehensive loss for the year</b>       |             | <b>(412)</b>  | (494)   |

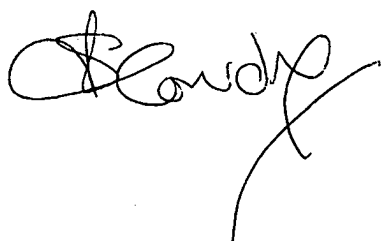
The notes on pages 11 to 22 form part of these financial statements.

**Travelmood Limited**  
**Balance sheet as at 30 September 2019**

|                                      |      | <b>30 September<br/>2019<br/>£'000</b> | <b>30 September<br/>2018<br/>£'000</b> |
|--------------------------------------|------|--|--|
|                                      | Note |  |  |
| <b>Non-current assets</b>            |      |  |  |
| Deferred tax assets                  | 11   | -                                      | 204                                    |
|                                      |      | -                                      | 204                                    |
| <b>Current assets</b>                |      |  |  |
| Trade and other receivables          | 12   | -4,397                                 | 6,639                                  |
| Income tax – group relief receivable |      | 78                                     | 95                                     |
| Derivative financial assets          | 13   | 21                                     | 22                                     |
| Cash and cash equivalents            |      | 548                                    | 738                                    |
|                                      |      | <u>5,044</u>                           | <u>7,494</u>                           |
| <b>Total assets</b>                  |      | <u>5,044</u>                           | <u>7,698</u>                           |
| <b>Current liabilities</b>           |      |  |  |
| Trade and other payables             | 14   | (13,034)                               | (15,221)                               |
| Derivative financial liabilities     | 13   | (18)                                   | (32)                                   |
| Provisions for liabilities           | 15   | (29)                                   | (71)                                   |
| Deferred tax liabilities             | 11   | (1)                                    | -                                      |
|                                      |      | <u>(13,082)</u>                        | <u>(15,324)</u>                        |
| <b>Total liabilities</b>             |      | <u>(13,082)</u>                        | <u>(15,324)</u>                        |
| <b>Net liabilities</b>               |      | <u>(8,038)</u>                         | <u>(7,626)</u>                         |
| <b>Equity</b>                        |      |  |  |
| Called up share capital              | 17   | 100                                    | 100                                    |
| Profit and loss account              |      | (8,138)                                | (7,726)                                |
| <b>Total equity</b>                  |      | <u>(8,038)</u>                         | <u>(7,626)</u>                         |

The notes on pages 11 to 22 form part of these financial statements.

The financial statements on pages 8 to 22 were approved and authorised for issue by the Board of Directors on 8 May 2020 and signed on its behalf by:



**Director**

**Travelmood Limited****Statement of changes in equity for the year ended 30 September 2019**

|                                       | <b>Called up<br/>share capital<br/>£'000</b> | <b>Profit and<br/>loss account<br/>£'000</b> | <b>Total<br/>equity<br/>£'000</b> |
|---------------------------------------|--|--|-----------------------------------|
| At 1 October 2017                     | 100  | (7,232)                                      | (7,132)                           |
| Total comprehensive loss for the year | -  | (494)  | (494)                             |
| At 30 September 2018                  | 100  | (7,726)                                      | (7,626)                           |
| Total comprehensive loss for the year | -  | (412)  | (412)                             |
| At 30 September 2019                  | <b>100</b>                                   | <b>(8,138)</b>                               | <b>(8,038)</b>                    |

The notes on pages 11 to 22 form part of these financial statements.

**1. General information**

The Company is a private limited company incorporated and domiciled in England. The address of its registered office is Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD. The Company's registered number is 1934932.

The principal activity of the Company continues to be that of a tour operator and travel agent selling holiday-related services to customers in the UK.

**2. Basis of preparation**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and liabilities measured at fair value through profit and loss in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

As outlined in the Strategic Report, the Directors have decided that all new bookings to the destinations served by the Austravel brand would be served by its sister brand, Hayes and Jarvis. Travelmood Limited will not be taking any new bookings (effective 31 May 2020). Consequently, as required by IAS 1.25 and as permitted by S1 2008/410 Schedule 1(10)(2), the Directors have prepared the financial statements on a basis other than that of a going concern. No adjustments to the amounts included in these financial statements were necessary. Further details are presented in the Going concern section below.

**FRS 101**

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined by Financial Reporting Standard 100 'Application of financial reporting requirements' ("FRS 100") which addresses the financial requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS").

The Company continues to use FRS 101 as the basis of accounting. The Company also elected to adopt both the provisions of Statutory Instrument 2015 No.980 'The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015' ("SI 980") 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 Companies Act 2006.

**Going concern**

At 30 September 2019, the Company had net liabilities of £8,038,000 (2018: £7,626,000) and net current liabilities of £8,038,000 (2018: £7,830,000).

In late January 2020, the Directors of the Company initiated a strategic review of the structure and operations of the Austravel brand. After careful consideration, it was decided that all new bookings to the destinations served by the Austravel brand would be served by its sister brand Hayes and Jarvis.

Travelmood Limited will continue to serve existing Austravel bookings, but the Directors have taken the decision that the Company will not take any new bookings (effective 31 May 2020) and therefore, after honouring all existing bookings, will cease to trade. On this basis, these financial statements have not been prepared on a going concern basis. However, as some of the existing bookings (and vouchers) have departure dates beyond the financial year ended 30 September 2020, the Directors continue to apply normal consideration to the funding and liquidity of the Company over the next 12 months. In doing so, they have made enquiries to the Group's Board of Directors to ensure sufficient financial support is provided where necessary to ensure that all liabilities are settled in full.

The Company and the Group's Directors are monitoring the Covid-19 situation closely, drawing up and implementing plans to mitigate the impact of the operational risks where possible, including cancellation, postponement, diversion and re-routing of our holidays, together with numerous cost reduction actions, with the intention of reducing losses and cash outflows subsequently arising.

The Company's ultimate UK parent company, Tim Intermediateco Limited, has agreed to provide financial support to the Company if it should be required, in order that it can continue to honour existing bookings and meet its liabilities as they fall due.

**2. Basis of preparation (continued)**

**Functional and presentational currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in the Company's functional currency of Sterling, rounded to the nearest thousand pounds, unless stated otherwise.

**3. Summary of significant accounting policies**

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

**New and amended standards adopted by the Company**

The Company applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of new accounting standards are described below.

**(i) IFRS 15 'Revenue from contracts with customers'**

The Company adopted IFRS 15 'Revenue from contracts with customers', with a date of initial application of 1 October 2018. As a result, the Company has changed its accounting policies relating to revenue recognition, using the modified retrospective method of adoption. Under this method, the Company elected to apply the Standard to all contracts at the date of initial application. The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings, where material. The comparative information is not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

***Revenue under IAS 11 and IAS 18 in relation to the comparative financial year***

For the financial year ended 30 September 2018, revenue was recognised in the income statement when the significant risks and rewards of ownership had been transferred to the buyer. Revenue in respect of holiday-related services was recognised on the date of departure. No revenue was recognised if there were significant uncertainties regarding recovery of the consideration due or associated costs. Revenue was stated at the contractual value of services provided. Client monies received at the balance sheet date relating to holiday-related services departing after the year end were deferred and included within trade and other payables.

***Revenue recognition policy under IFRS 15***

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

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

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

**3. Summary of significant accounting policies (continued)**

***Impact of adoption of IFRS 15***

Where the holiday-related services sold falls within a discrete financial year, there is no difference between the previous and the new accounting policy. However, where a holiday-related service spans across the Company's financial year end of 30 September, revenues and the directly related costs will be recognised over the period of the holiday-related service and hence, across two financial periods. The effect of adopting IFRS 15 as at 1 October 2018 did not have a material effect on the opening balance sheet or on the primary statements for the year ended 30 September 2019.

**(ii) IFRS 9 Financial instruments**

IFRS 9 'Financial instruments' became effective for the Company on 1 October 2018 and replaces the current requirements of IAS 39 'Financial instruments: recognition and measurement'. The main changes introduced by the new standard are new classification and measurement requirements for certain financial assets, a new expected credit loss model for the impairment of financial assets, revisions to the hedge accounting model, and amendments to disclosures. The changes are generally to be applied retrospectively. Given the nature of the financial assets and liabilities currently held by the Company and its accounting policy for hedging arrangements, the changes have not had a material impact on the financial statements.

**Financial assets**

Financial assets are classified at initial recognition as either subsequently measured at amortised cost or fair value through profit and loss. Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired.

**(i) Financial assets at fair value through profit and loss**

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

**(ii) Financial assets at amortised cost**

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

**Derivative financial instruments and hedging activities**

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

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

**Trade and other receivables**

Trade and other receivables are amounts due from customers and other Group companies for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets, if not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company recognises a loss allowance for expected credit losses on all receivable balances from customers subsequently measured at amortised cost, using the 'simplified approach' permitted under IFRS 9.

**3. Summary of significant accounting policies (continued)**

**Impairment of financial assets**

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

**Cash and cash equivalents**

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

**Trade and other payables**

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from third party suppliers or other Group companies. If payment is 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.

**Customer payments received in advance**

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

**Provisions**

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability. The increase in the provision due to passage of time is recognised as a financial expense. Provision falling due in one year or less are classified as current liabilities, if not, they are presented as non-current liabilities.

**Foreign currency translation**

Foreign currency transactions are initially translated into the Company's functional currency using the actual rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing on the balance sheet date. Foreign exchange gains and losses resulting from translation to year-end rates are recognised in the statement of total comprehensive income.

**Marketing and other direct sales costs**

Marketing, advertising and other promotional costs, including those related to the production of brochures, are expensed as expenditure is incurred.

**Pensions**

The Company's employees participate in the Group Defined Contribution Pension Scheme. Pension liabilities are paid by another Group company. A management charge is made by fellow Group companies to cover the Company's share of such operating costs.

**Leases**

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

**3. Summary of significant accounting policies (continued)**

**Finance income and finance expense**

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

**Current and deferred tax**

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

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

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

**Called up share capital**

Ordinary shares are classified as equity.

**Reserves**

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

**4. Critical accounting estimates and judgments**

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

The estimates and underlying assumptions are reviewed on an ongoing basis.

The Directors do not consider there to be any critical accounting estimates or judgements that could materially alter the performance or position of the Company in the coming year.



# 5. Reduced disclosures permitted by FRS 101

The Company meets the definition of a qualifying entity of TIM Intermediateco Limited, as defined by FRS 100, as the results of this Company are fully consolidated into the Group financial statements of Tim Intermediateco Limited. Details for obtaining the Group financial statements of Tim Intermediateco Limited can be found in Note 20. Where applicable and required by FRS 101, equivalent disclosures have been provided in the Group's consolidated financial statements in accordance with the Application Guidance to FRS 100. As such, the Company has taken advantage of the following disclosure exemptions as set out in paragraph 8 of FRS 101:

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

**6. Finance income**

|   | Year ended<br>30 September<br>2019<br>£'000 | Year ended<br>30 September<br>2018<br>£'000 |
|---|---|---|
| Bank interest income  | 5   | 6   |
| Total finance income on financial assets not measured at fair value through profit and loss | 5   | 6   |
| Gains on derivative financial instruments   | 14  | 74  |
| Total finance income  | 19  | 80  |

**7. Finance expense**

|  | Year ended<br>30 September<br>2019<br>£'000 | Year ended<br>30 September<br>2018<br>£'000 |
|--|---|---|
| Bank interest expense  | -   | 2   |
| Total finance expense on financial assets not measured at fair value through profit and loss | -   | 2   |
| Total finance expense  | -   | 2   |

**8. Loss on ordinary activities before taxation**

|   | Year ended<br>30 September<br>2019<br>£'000 | Year ended<br>30 September<br>2018<br>£'000 |
|---|---|---|
| Loss on ordinary activities before taxation is stated after charging/(crediting): |   |   |
| Other income - Amadeus income   | (66)  | (33)  |
| Foreign exchange (gains)/charges on currency                                      | (151)                                       | 31  |
| Operating lease charges   | 106   | 115   |

**Exceptional items**

|                           |       |   |
|---------------------------|-------|---|
| Other exceptional charges | (300) | - |
|                           | (300) | - |

Exceptional charges of £300,000 (2018: £nil) relate to restructuring and impacts from the failure of Thomas Cook.

Auditor's remuneration was as follows:

|  | Year ended<br>30 September<br>2019<br>£'000 | Year ended<br>30 September<br>2018<br>£'000 |
|--|---|---|
| Fees for the audit of the Company                        | 30  | 24  |
| Fees payable to the Company's auditor for other services | 2   | 2   |
| Total fees payable to the Company's auditor              | 32  | 26  |

**9. Employees and Directors**

Employee costs for the Company during the year were:

|                       | Year ended<br>30 September<br>2019<br>£'000 | Year ended<br>30 September<br>2018<br>£'000 |
|-----------------------|---|---|
| Wages and salaries    | 1,137                                       | 1,170                                       |
| Social security costs | 108   | 105   |
| Other pension costs   | 44  | 53  |
|                       | <b>1,289</b>                                | <b>1,328</b>                                |

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

|                          | Year ended<br>30 September<br>2019<br>Number | Year ended<br>30 September<br>2018<br>Number |
|--------------------------|--|--|
| Selling and distribution | 16   | 18   |
| Administration           | 16   | 25   |
|                          | <b>32</b>                                    | <b>43</b>                                    |

**Directors' remuneration**

The remuneration of Directors was paid by a fellow Group subsidiary, Hayes and Jarvis (Travel) Limited, and is disclosed in full in that Company's financial statements. No specific recharge (2018: £nil) is included within these financial statements reflecting the value of their services to this Company.

**10. Tax expense**

The tax expense can be summarised as follows:

**(i) Analysis of tax expense in the year**

|   | Year ended<br>30 September<br>2019<br>£'000 | Year ended<br>30 September<br>2018<br>£'000 |
|---|---|---|
| Current tax:  |   |   |
| Current tax on losses for the year                                      | (52)  | (26)  |
| Adjustment in respect of prior periods                                  | -   | 42  |
| <b>Total current tax</b>  | <b>(52)</b>                                 | <b>16</b>                                   |
| Deferred tax:   |   |   |
| Origination and reversal of temporary differences                       | 229   | 503   |
| Adjustment in respect of prior years                                    | -   | (37)  |
| Effect of change in tax rate  | (25)  | (53)  |
| <b>Total deferred tax (Note 11)</b>                                     | <b>204</b>                                  | <b>413</b>                                  |
| <b>Total tax expense in the statement of total comprehensive income</b> | <b>152</b>                                  | <b>429</b>                                  |

10. Tax expense (continued)

(ii) Factors affecting the tax expense in the year

The tax expense (2018: expense) for the year ended 30 September 2019 is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are shown in the table below:

|  | Year ended<br>30 September<br>2019<br>£'000 | Year ended<br>30 September<br>2018<br>£'000 |
|--|---|---|
| Loss on ordinary activities before taxation  | (260)                                       | (65)  |
| Loss on ordinary activities multiplied by the effective standard rate of UK corporation tax of 19% (2018: 19%) | (49)  | (12)  |
| Effects of:  |   |   |
| - Effects of reduction in UK corporation tax rate  | (25)  | (53)  |
| - Adjustments to tax charge in respect of previous periods   | -   | 5   |
| - Losses not recognised  | 226   | 489   |
| <b>Total tax expense in the statement of total comprehensive income</b>  | <b>152</b>                                  | <b>429</b>                                  |

(iii) Factors affecting the future tax charge

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

11. Deferred tax assets

|  | 30 September<br>2019<br>£'000 | 30 September<br>2018<br>£'000 |
|--|-------------------------------|-------------------------------|
| Depreciation in excess of capital allowances | -                             | 202                           |
| Financial instruments                        | -                             | 2                             |
|  | -                             | 204                           |

The amount of deferred tax expected to reverse within one year is as follows:

|   | 30 September<br>2019<br>£'000 | 30 September<br>2018<br>£'000 |
|---|-------------------------------|-------------------------------|
| Deferred tax asset due within 12 months | -                             | 2                             |

# 11. Deferred tax assets (continued)

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

| Deferred tax assets   | Depreciation<br>in excess of<br>capital<br>allowances<br>£'000 | Tax losses<br>£'000 | Financial<br>instruments<br>£'000 | Total<br>£'000 |
|---|--|---------------------|-----------------------------------|----------------|
| At 1 October 2017   | 166  | 437                 | 14                                | 617            |
| Credited/(charged) to the<br>statement of total comprehensive<br>income | 36   | (437)               | (12)                              | (413)          |
| At 30 September 2018  | 202  | -                   | 2                                 | 204            |
| Charged to the statement of total<br>comprehensive income               | (202)  | -                   | (2)                               | (204)          |
| At 30 September 2019  | -  | -                   | -                                 | -              |

Depreciation in excess of capital allowances principally relates to timing differences in respect of property, plant and equipment. In view of the uncertainty of its recoverability the amount is not recognised for Deferred Tax. Financial instruments temporary differences arise in respect of financial instruments accounted for under IAS 39.

A deferred tax asset has not been recognised in respect of trading and capital losses as there is insufficient evidence that the asset will be recovered. The amount of the deferred tax asset not recognised is £484,688 (2018: £541,710). The asset would be recovered if there were suitable taxable profits/chargeable gains in the future against which to offset the losses.

There are no other unrecognised deferred tax assets nor un-provided deferred tax liabilities at either 30 September 2019 or 30 September 2018.

# 12. Trade and other receivables

|                                     | 30 September<br>2019<br>£'000 | 30 September<br>2018<br>£'000 |
|-------------------------------------|-------------------------------|-------------------------------|
| Trade receivables                   | 644                           | 802                           |
| Amounts due from Group undertakings | 339                           | 1,142                         |
| Other receivables                   | 21                            | 49                            |
| Prepayments and accrued income      | 3,393                         | 4,646                         |
|                                     | <b>4,397</b>                  | <b>6,639</b>                  |

At 30 September 2019, no provisions for impairment have been recognised in respect of trade and other receivables (2018: £nil).

## Amounts due from Group undertakings

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

**13. Derivative financial instruments**

|   | 30 September 2019 |                      | 30 September 2018 |                      |
|---|-------------------|----------------------|-------------------|----------------------|
|   | Assets<br>£'000   | Liabilities<br>£'000 | Assets<br>£'000   | Liabilities<br>£'000 |
| Forward foreign exchange contracts - cash flow hedges | 21                | (18)                 | 22                | (32)                 |
| <b>Total and current portion</b>                      | <b>21</b>         | <b>(18)</b>          | <b>22</b>         | <b>(32)</b>          |

**Fair value measurements**

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

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

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

The amount recognised in the statement of total comprehensive income that arises from fair value hedges amounts to a profit of £14,000 (2018: £74,000).

**14. Trade and other payables**

|                                   | 30 September<br>2019<br>£'000 | 30 September<br>2018<br>£'000 |
|-----------------------------------|-------------------------------|-------------------------------|
| Payments received in advance      | 5,755                         | 6,224                         |
| Trade payables                    | 375                           | 108                           |
| Amounts due to Group undertakings | 6,307                         | 7,734                         |
| Accruals and deferred income      | 597                           | 1,155                         |
|                                   | <b>13,034</b>                 | <b>15,221</b>                 |

**Amounts due to Group undertakings**

Amounts due to Group undertakings are unsecured, bear no interest and are repayable on demand.

**15. Provisions for liabilities**

Analysis of the movements during the year:

|                             | Lease<br>provision<br>£'000 |
|-----------------------------|-----------------------------|
| At 1 October 2018           | 71                          |
| Utilised during the year    | (42)                        |
| <b>At 30 September 2019</b> | <b>29</b>                   |

|                     | 30 September<br>2019<br>£'000 | 30 September<br>2018<br>£'000 |
|---------------------|-------------------------------|-------------------------------|
| <i>Analysed as:</i> |                               |                               |
| - Current           | 29                            | 71                            |

**Restructuring**

A provision of £29,000 (2018: £71,000) covers all of the remaining lease and service charges of the former Bloomfield Street head office (London).

**16. Operating lease commitments**

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

|                 | 30 September<br>2019<br>£'000 | 30 September<br>2018<br>£'000 |
|-----------------|-------------------------------|-------------------------------|
| Within one year | <u>29</u>                     | <u>70</u>                     |

Operating lease commitments in respect of land and buildings comprise commitments in respect of property located at 17 Bloomfield Street, London, EC2M 7AJ.

**17. Called up share capital**

|                                       | 30 September<br>2019<br>£'000 | 30 September<br>2018<br>£'000 |
|---------------------------------------|-------------------------------|-------------------------------|
| <b>Issued and fully paid</b>          |                               |                               |
| 100,000 ordinary shares of £1.00 each | <u>100</u>                    | <u>100</u>                    |

**18. Post balance sheet events**

In late January 2020, the Directors of the Company initiated a strategic review of the structure and operations of the Austravel brand. After careful consideration, it was decided that all new bookings to the destinations served by the Austravel brand would be served by sister brand Hayes and Jarvis.

Travelmood Limited will continue to serve existing Austravel bookings, but will not be taking any new bookings (effective 31 May 2020). On this basis, these financial statements have not been prepared on a going concern basis. However, as some of the existing bookings (and vouchers) have departure dates beyond the financial year ended 30 September 2020, the Directors continue to apply normal consideration to the funding and liquidity of the Company over the next 12 months.

The Company and the Group's Directors are monitoring the Covid-19 situation closely, drawing up and implementing plans to mitigate the impact of the operational risks where possible, including cancellation, postponement, diversion and re-routing of our holidays, together with numerous cost reduction actions, with the intention of reducing losses and cash outflows subsequently arising.

The Company's ultimate UK parent company, Tim Intermediateco Limited, has agreed to provide financial support to the Company if it should be required, in order that it can continue to honour existing bookings and meet its liabilities as they fall due.

**19. Contingent liabilities**

The Company has entered into a cross guarantee between certain Group companies with Barclays Bank PLC in respect of the Group's overdraft facility for its UK Sterling denominated bank accounts. As at 30 September 2019, the total liability for which the Company is a cross guarantor amounted to £3.7m (2018: £nil).

**20. Ultimate parent company and controlling party**

The ultimate controlling party of the Company is KKR & Co. Inc., on behalf of funds under its management. The immediate parent company is Travelopia Holdings Limited.

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