Travelmood Limited
Reports of the Directors and financial statements
for the year ended 30 September 2020
Company number 1934932

Reports of the Directors for the year ended 30 September 2020

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

STRATEGIC REPORT

The Company's principal activity during the year was of tour operator selling holiday related services to customers in the UK under the Austravel brand. During the year, a strategic decision was made to cease taking new bookings.

Review of the business

The Company's loss on ordinary activities before taxation for the year ended 30 September 2020 was £480,000 (2019: £260,000). No dividends were paid during the year (2019: £nil).

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

	Year ended 30 September 2020	Year ended 30 September 2019
	No./£'000	No./£'000
Number of passengers	**3,600**	6,300
Revenue	**9,938**	16,764
Loss on ordinary activities before taxation	**(480)**	(260)
Exceptional items	**(430)**	(300)
(Loss)/profit on ordinary activities before exceptional items and taxation	**(50)**	40
Net liabilities	**(8,427)**	(8,038)

Reduced passenger volumes and revenues in the year ended 30 September 2020 reflect the strategic decision to stop taking new bookings, whilst honouring existing bookings where possible, subject to the travel restrictions that arose following Covid-19.

Exceptional costs of £430,000 in the year ended 30 September 2020 represent the costs associated with the staff redundancies and exiting of the AusTravel office in Leeds.

The balance sheet shows a net liability of £8,427,000 with decrease in trade receivables, customer payments received in advance, and trade and other payables. This reflect the reduced trading volumes as a result of the strategic decision to stop taking new customer bookings. During the financial year ended 30 September 2020, the Company became party to the Group's zero balancing cash pooling facilities whereby the Company's Sterling, Euro and US Dollar cash and overdraft balances are swept to nil daily. The Company's overdraft balance at 30 September 2020 was £5,341,000 (2019: nil).

Post balance sheet event

To effect an internal Group restructure, on 11 November 2020, the Company was sold by its former parent company, Travelopia Holdings Limited, to Travelopia Adventure Limited, another intermediate parent Company within the Travelopia Group.

STRATEGIC REPORT (continued)

Principal risks and uncertainties
At the date of signing these financial statements the company only has 11 remaining bookings, after which, tour operations will cease. On this basis, the principal risks and uncertainties at the point of accounts signing are limited to that of a non-trading entity, as follows:

- **Legal and regulatory compliance.** The Company operates across a range of geographies, which exposes us to a range of legal, tax and other regulatory laws, which must be complied with. Failure to comply may result in fines or sanctions from regulatory bodies, such as the Civil Aviation Authority in the UK, which require us to comply with their regulations. Failure to do so could result in the removal of the licence.
- **Cyber security**. We are responsible for protecting the confidentiality, integrity and availability of the data we have for our guests, employees and suppliers. Failure to ensure we have the appropriate level of information security controls increases the risk that an information security breach is not prevented, detected or adequately remediated. This could result in reputational damage, remediation costs and financial penalties for a breach of data protection legislation. We continuously enhance our information security posture to mitigate the risk.
- **Credit risk.** The Company uses highly reputable and financially strong banking groups with which to deposit its material cash balances.

Going concern
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.

Throughout the financial year and up until the signing of these financial statements, the Company has continued to serve existing Austravel bookings, which, as a result of global travel restrictions, has meant providing travel vouchers or refunds to customers. No new bookings were taken after 31 May 2020. After honouring all existing bookings (whether this be providing cash refunds or the provision of holidays), the Company will cease to provide flights and tour operations. On this basis, these financial statements have been prepared on a basis other than a going concern. However, as some of the existing bookings (and vouchers) have departure dates beyond the date of signing these financial statements, the Directors continue to apply normal consideration to the funding and liquidity of the Company over the next 12 months. As part of their assessment, the Directors of the Company considered the funding and liquidity position of the Company, together with cash flow forecasts of the Company, details of which are set out in Note 2.

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

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

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

STRATEGIC REPORT (continued)

Since these matters are ongoing at the date of signing these financial statements, there are possible scenarios where alternative or additional financing could be required by TGHL that is not yet committed. As such, TGHL may not be in a position to continue to provide the support required. As a result, the Company may be unable to realise its assets and discharge its liabilities, notwithstanding the decision that has been taken to cease operations within the foreseeable future. These financial statements do not include the adjustments that would be necessary should this be the case.

The Directors of the Group remain confident that with i) a return of some international travel in 2021 as a result of global vaccination programs; ii) the expectation of an extension of the net debt covenant test holiday; and iii) the ability to seek additional funding from its owners; the Group will have the liquidity and mitigation plans available such that the Company can realise all remaining assets and discharge its existing and any new liabilities until such time as the Company has completely ceased trading.

On behalf of the Board

S A Cowdry
Director

Company Number 1934932 Dated 14 May 2021

DIRECTORS' REPORT

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

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

Directors' insurance
Throughout the financial year until the approval of these financial statements the former immediate 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. A free confidential whistle-blowing hotline is also provided for employees.

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 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

S A Cowdry
Director

Company Number 1934932 Dated 14 May 2021

Opinion

We have audited the financial statements of Travelmood Limited ("the Company") for the year ended 30 September 2020 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter – basis of preparation other than going concern

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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

BDO LLP

Dominic Stammers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 14 May 2021
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 2020

	Note	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Revenue	6	**9,938**	16,764
Cost of sales		**(7,962)**	(13,615)
Gross profit		**1,976**	3,149
Administrative expenses		**(2,481)**	(3,428)
Administrative expenses – not exceptional		**(2,051)**	(3,128)
Administrative expenses – exceptional	8	**(430)**	(300)
Other income		**12**	-
Operating loss		**(493)**	(279)
Finance income	7	**13**	19
Loss on ordinary activities before taxation	8	**(480)**	(260)
Tax credit/(expense)	10	**91**	(152)
Loss for the financial year		**(389)**	(412)
Total comprehensive loss for the year		**(389)**	(412)

The notes on pages 12 to 23 form part of these financial statements.

Travelmood Limited
Balance Sheet for the year ended 30 September 2020

	Note	30 September 2020 £'000	30 September 2019 £'000
Current assets			
Trade and other receivables	12	**902**	4,397
Income tax – group relief receivable		**145**	78
Derivative financial assets	13	**21**	21
Cash and cash equivalents	14	**180**	548
		1,248	5,044
Total assets		**1,248**	5,044
Current liabilities			
Bank overdraft	15	**(5,341)**	-
Trade and other payables	16	**(4,283)**	(13,034)
Derivative financial liabilities	13	**(5)**	(18)
Provisions for liabilities	17	**(43)**	(29)
Deferred tax liabilities	11	**(3)**	(1)
		(9,675)	(13,082)
Total liabilities		**(9,675)**	(13,082)
Net liabilities		**(8,427)**	(8,038)
Equity			
Called up share capital	18	**100**	100
Profit and loss account		**(8,527)**	(8,138)
Total equity		**(8,427)**	(8,038)

The notes on pages 12 to 23 form part of these financial statements.

The financial statements on pages 9 to 23 were approved and authorised for issue by the Board of Directors on 14 May 2021 and signed on its behalf by:

S A Cowdry
Director

Travelmood Limited
Statement of Changes in Equity for the year ended 30 September 2020

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 October 2018	100	(7,726)	(7,626)
Total comprehensive loss for the year	-	(412)	(412)
At 30 September 2019	100	(8,138)	(8,038)
Total comprehensive loss for the year	-	(389)	(389)
At 30 September 2020	**100**	**(8,527)**	**(8,427)**

The notes on pages 12 to 23 form part of these financial statements

1. General information

The Company is a private limited company incorporated and domiciled in England. The address of its registered office is Origin One, 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 other than going concern

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. This Company ceased taking any new bookings with effect from 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

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.

Throughout the financial year and up until the signing of these financial statements, the Company has continued to serve existing Austravel bookings, which, as a result of global travel restrictions, has meant providing travel vouchers or refunds to customers. No new bookings were taken after 31 May 2020. After honouring all existing bookings (whether this be providing cash refunds or the provision of holidays), the Company will cease to provide flights and tour operations. On this basis, these financial statements have been prepared on a basis other than a going concern. However, as some of the existing bookings (and vouchers) have departure dates beyond the date of signing these financial statements, the Directors continue to apply normal consideration to the funding and liquidity of the Company over the next 12 months.

At 30 September 2020, the Company had £8,427,000 (2019: £8,038,000) of net liabilities, including £180,000 (2019: £548,000) of cash and £5,341,000 (2019: nil) of overdraft balances. At the date of signing these financial statements, the Company's net overdraft balance was approximately £7,678,000.

In accordance with our regulation by the Civil Aviation Authority ('CAA'), the Company forms part of a ring-fenced group of subsidiaries within the Travelopia Group that are required to comply with certain regulatory requirements. One of these requirements is that these ring-fenced Companies, in aggregate, should maintain sufficient liquidity that is as a minimum 70% of the value of customer monies throughout the financial year ('the 70% test'). The Company relies on these fellow Group subsidiaries within the ring-fenced pool in order to meet the 70% test. Compliance with this test is monitored and managed at a Group level to ensure that in aggregate the ring-fenced businesses comply with this test.

2. Basis of preparation (continued)

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

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

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

Since these matters are ongoing at the date of signing these financial statements, there are possible scenarios where alternative or additional financing could be required by TGHL that is not yet committed. As such, TGHL may not be in a position to continue to provide the support required. As a result, the Company may be unable to realise its assets and discharge its liabilities, notwithstanding the decision that has been taken to cease operations within the foreseeable future. These financial statements do not include the adjustments that would be necessary should this be the case.

The Directors of the Group remain confident that with i) a return of some international travel in 2021 as a result of global vaccination programs; ii) the expectation of an extension of the net debt covenant test holiday; and iii) the ability to seek additional funding from its owners; the Group will have the liquidity and mitigation plans available such that the Company can realise all remaining assets and discharge its existing and any new liabilities until such time as the Company has completely ceased trading.

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.

IFRIC 23 'Uncertainty over income tax treatments'

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

3. Summary of significant accounting policies (continued)

Revenue
The Company recognises revenue from the sale of 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.

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

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

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

Derivative financial instruments and hedging activities
The Company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

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

3. Summary of significant accounting policies (continued)

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

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

Cash and cash equivalents
Cash comprises cash at bank. The Company does not invest in deposits held on call with banks or other short term highly liquid investments. Cash and cash equivalents includes cash balances that are held in the Group's cash pooling header company where this cash is immediately available for use and for which there is no restriction over its access. Overdrawn positions within the cash pooling header company are presented as bank overdrafts within current liabilities.

Trade and other payables
Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from third party suppliers or other Group companies. If payment is expected in one year or less they are classified as current liabilities, if not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

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. Customer payments in advance also includes refund credit notes which may be refunded to customers at a later date.

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.

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

Exceptional items
Exceptional items are disclosed separately in the financial statements where it is necessary to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

3. Summary of significant accounting policies (continued)

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.

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 areas involving a higher degree of judgement or complexity, or where assumptions and estimates are material to the carrying value of assets, liabilities and total comprehensive income for the year are disclosed as follows:

Provisions against trade & other receivables

An accounting estimate is an approximation of the amount for which there is no precise means of measurement. Management has considered any impairments (and write offs) to refunds due from third party suppliers and prepayments made to third party suppliers regarding the supply of flights, accommodation, tours & excursions. Due to the uncertainties which preside over the tourism industry as a direct result of COVID-19, there is an increased risk of suppliers failing to meet their contractual obligations resulting in a loss to the company. Management has conducted risks assessments and considered the nature of the supplier, the timeframe that they have to utilise refund credit notes received from the supplier and the likelihood of the business being able to utilise the credit notes against future trips. Intercompany receivables are also considered for impairment.

Cash pooling facilities

During the financial year ended 30 September 2020, the Company became party to the Group's zero balancing cash pooling facilities whereby the Company's Sterling, Euro and US Dollar cash and overdraft balances are swept to nil daily into a bank account of Travelopia Adventure Limited, which acts as the cash pool header company. At 30 September 2020, the bank overdraft held in the pooled account of Travelopia Adventure Limited was £5,305,000 (2019: £nil).

Judgement has been required to determine whether this balance meets the definition of cash and cash equivalents, or whether the balance should be presented as amounts due from a fellow Group subsidiary. The Directors consider that in view of the nature of the pooling facilities and the immediate and unrestricted access to these balances, the definition of cash and cash equivalents has been met.

5. Reduced disclosures permitted by FRS 101

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

All revenue recognised in 2020 and 2019 are from the principal activity of a tour operator business. The geographical market of the business is the United Kingdom.

7. Finance income

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Bank interest income	-	5
Total finance income on financial assets not measured at fair value through profit and loss	-	5
Gains on derivative financial instruments	**13**	14
Total finance income	**13**	19

8. Loss on ordinary activities before taxation

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Amadeus income	-	(66)
Foreign exchange (gains) on currency	**(132)**	(151)
Operating lease charges	-	106

Exceptional items

Other exceptional charges	**(430)**	(300)
	(430)	(300)

Exceptional charges of £430,000 (2019: £300,000) relate to restructuring of the business as a result of ceased trading.

Auditor's remuneration

In the financial year ended 30 September 2019, fees incurred for the audit of the Company's financial statements was £32,000. In the financial year ended 30 September 2020, these fees have been incurred by the Company's parent company and an amount has been included within the management charge for this service. It has not been possible to identify the portion of the management charge that relates to audit fees.

9. Employees and Directors

Employee costs for the Company during the year were:

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Wages and salaries	669	1,137
Social security costs	51	108
Other pension costs	26	44
	746	1,289

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

	Year ended 30 September 2020 Number	Year ended 30 September 2019 Number
Selling and distribution	18	16
Administration	5	16
	23	32

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 (2019: £nil) is included within these financial statements.

10. Tax (credit)/expense

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

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

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Current tax:		
Amounts receivable in respect of group relief	(94)	(52)
Total current tax	(94)	(52)
Deferred tax:		
Origination and reversal of temporary differences	3	229
Effect of change in tax rate	-	(25)
Total deferred tax (Note 11)	3	204
Total tax expense in the statement of total comprehensive income	(91)	152

10. Tax (credit)/expense (continued)

(ii) Factors affecting the tax (credit)/expense in the year

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

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Loss on ordinary activities before taxation	**(480)**	(260)
Loss on ordinary activities multiplied by the effective standard rate of UK corporation tax of 19% (2019: 19%)	**(91)**	(49)
Effects of:		
- Effects of reduction in UK corporation tax rate	-	(25)
- Losses not recognised	-	226
Total tax (credit)/expense in the statement of total comprehensive income	**(91)**	152

(iii) Factors affecting the future tax charge

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

11. Deferred tax liabilities

	30 September 2020 £'000	30 September 2019 £'000
Financial instruments	**(3)**	(1)

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

	30 September 2020 £'000	30 September 2019 £'000
Deferred tax liabilities due within 12 months	**(3)**	(1)

11. Deferred tax liabilities (continued)

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

Deferred tax (assets) and liabilities	**Depreciation in excess of capital allowances**	**Financial instruments**	**Total**
	£'000	**£'000**	**£'000**
At 1 October 2018	(202)	(2)	(204)
Charged to the statement of total comprehensive income	202	2	204
At 30 September 2019	-	-	-
Charged to the statement of total comprehensive income	-	3	3
At 30 September 2020	**-**	**3**	**3**

Depreciation in excess of capital allowances principally related to timing differences in respect of property, plant and equipment. In view of the uncertainty of its recoverability, an amount of £225,524 (2019: £201,784) has not been recognised. A deferred tax asset has also 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 £541,470 (2019: £484,688).

There are no other unrecognised deferred tax assets nor un-provided deferred tax liabilities at either 30 September 2020 or 30 September 2019.

12. Trade and other receivables

	30 September 2020	30 September 2019
	£'000	£'000
Trade receivables	-	644
Amounts due from Group undertakings	**339**	339
Other receivables	**268**	21
Prepayments and accrued income	**295**	3,393
	902	4,397

At 30 September 2020, provisions of £90,000 for impairment have been recognised in respect of trade and other receivables (2019: £nil).

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

13. Derivative financial instruments

	30 September 2020		30 September 2019	
	Assets	**Liabilities**	Assets	Liabilities
	£'000	**£'000**	£'000	£'000
Forward foreign exchange contracts - cash flow hedges	**21**	**(5)**	21	(18)
Total and current portion	**21**	**(5)**	21	(18)

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 amount recognised in the statement of total comprehensive income that arises from fair value hedges amounts to a profit of £13,000 (2019: profit of £14,000).

14. Cash and cash equivalents

	30 September 2020	30 September 2019
	£'000	£'000
Cash at bank	**180**	548
	180	548

15. Bank overdraft

	30 September 2020	30 September 2019
	£'000	£'000
Bank overdrafts	**5,341**	-
	5,341	-

Included within the bank overdraft balance of £5,341,000 is an amount of £5,305,000 that is held on behalf of the Company in the bank account of Travelopia Adventure Limited, which acts as the Company's cash pool header company.

16. Trade and other payables

	30 September 2020	30 September 2019
	£'000	£'000
Customer payments received in advance	**1,738**	5,755
Trade payables	**-**	375
Amounts due to Group undertakings	**2,435**	6,307
Accruals and deferred income	**110**	597
	4,283	13,034

Amounts due to Group undertakings

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

17. Provisions for liabilities

Analysis of the movements during the year:

	Provision £'000
At 1 October 2019	29
Utilised during the year	-
Additions	14
At 30 September 2020	**43**

	30 September 2020 £'000	30 September 2019 £'000
Analysed as:		
- Current	**43**	29

A provision of £43,000 (2019: £29,000) covers litigation matters.

18. Called up share capital

	30 September 2020 £'000	30 September 2019 £'000
Issued and fully paid		
100,000 ordinary shares of £1.00 each	**100**	100

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 2020, the total liability for which the Company is a cross guarantor amounted to £23.5m (2019: £3.7m).

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. At 30 September 2020, the immediate parent company was Travelopia Holdings Limited.

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

21. Post balance sheet event

To effect an internal Group restructure, on 11 November 2020, the Company was sold by its former parent company, Travelopia Holdings Limited, to Travelopia Adventure Limited, another intermediate parent Company within the Travelopia Group.