Kirker Travel Limited

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 01985696

Kirker Travel Limited

Company Information

Directors	D Jones F Torrilla
Company secretary	K M Wallis
Registered number	01985696
Registered office	4 Waterloo Court 10 Theed Street London SE1 8ST
Independent auditors	PricewaterhouseCoopers LLP The Portland Building 25 High Street Crawley RH10 1BG

Kirker Travel Limited

Contents

Strategic Report
For the Year Ended 31 December 2019

Business activity and objectives

The Company's principal activity is that of a tour operator and its objective is to provide a first class delivery of a wide portfolio of holiday packages primarily in Europe but with other locations worldwide.

The Company is part of the DER Touristik UK Limited Group ('the Group').

Business review and future developments

Brexit uncertainty throughout 2019 had a negative impact on demand with many consumers preferring to wait for clarification on the impacts of Brexit before committing to holidays. Business to Italy fell due to negative press reports of 'overtourism' in some major cities; France business also fell mainly as a result of security anxieties in Paris. The Company continued to market the cultural opportunities in key European cities and this resulted in an increase in business in Austria, Belgium, Germany, The Baltic States and Denmark. Holidays to destinations outside Europe performed well, particularly South Africa and Oman. Business to North Africa also showed an increased although turnover remains well below pre-2011 levels.

The Company's turnover was £28.5m (2018: £29.8m) for the year (down 4.3% from 2018). The decline in turnover year on year is due to Brexit uncertainties. At the reporting date, the Company's net current assets were £11.3m (2018: £9.6m) and net assets were £11.5m (2018: £9.6m). The increase in the net asset position of the Company is mainly due to strong profitability which has resulted in an increase in cash and cash pooling balances held within intercompany receivables.

The Company will continue to monitor destination trends and develop and market its product offering accordingly.

Subsequent to the year end, the Coronavirus has had a material impact on the Company's profitability and financial position, more details of which are in a later section of this review.

Coronavirus impact

The directors are monitoring the COVID-19 pandemic very closely, and are reacting as the situation evolves.

Since the 18th of March, the FCO has advised against all but essential outbound travel until further notice, which of course is having a material impact on the operation of the business.

Following this announcement, the Company undertook a significant repatriation exercise for all its customers to bring them back to the UK as quickly and as safely as possible. The Company continues to be restricted on where it can send its customers on holidays, so is working closely with those customers affected to either rebook to a future date or provide them with a refund.

At the time of writing, 14 day inbound quarantine restrictions still exist on most key long haul destinations with only speculative information available on which further destinations might open up and when. A number of short haul European countries are more freely available for outbound travel, but interest is still severely curtailed, as customers remain nervous about the travel experience. Significant uncertainty remains on how customer travel trends will change, and this will likely differ across different demographics of customer.

With a normal travel market not expected to return until at least 2022, the Company has a significant period of uncertainty ahead. Whilst it is difficult at this stage to quantify the full financial impact of the outbreak, it is currently, and will undoubtedly continue to, have an impact on the Company's financial performance and position in 2020 (and likely 2021), which the directors are looking to mitigate through cost reduction initiatives.

The Company is well placed financially to weather the storm, benefitting from the backing of its ultimate parent, the REWE Group, and remains positive that it will exit this situation even stronger than when it went in to it.

Principal risks and uncertainties

The current COVID-19 pandemic has highlighted the impact a global health emergency can have on the business. While the current outbreak is significantly more far reaching than the geographically localised Sars and Ebola outbreaks in previous years it has demonstrated the reliance the business places on the wider global health situation and the impact this has on the ability for movement of tourists around the world. The business can respond to localised outbreaks by re-directing customers however any further global pandemics would continue to have a significant impact on the ability of the business to trade effectively.

Outside of the significant risk relating to COVID-19, a corporate policy for managing risks is followed which involves regular disclosure covering all aspects of the business, including safety, environmental, legal, financial and employees. Any material risks are evaluated and disclosed as they arise, and these are tracked and monitored until the risk is mitigated. The Company operates in a favourable liquidity position, whereby all cash is received prior to related costs being settled. Furthermore, the Company does not bear much credit risk as debts are settled pre-departure.

The decision to exit the European Union has led to some unknowns. In the short term there may be some impact to the business as customers adjust their spending patterns and in the longer term it may be affected by the outcome of the free-movement agreements reached during negotiations with the EU. However, we do not expect there to be a visa requirement implemented for travel across Europe, and even if there was, visas are not the hard stop for leisure travellers who can plan in advance as the many destinations that we currently feature with visa requirements have proven.

Geographic and political risks are mitigated where possible by having a wide and diverse range of destinations. The Company works to Group guidelines in hedging exposure to currency to ensure the risk of adverse currency fluctuations is at a minimum.

Key performance indicators

The main key performance indicators used in managing the performance of the Company include revenues and margin. These are monitored on a weekly basis for each product against prior year actuals and the current year budget.

	2019	2018
	£	£
Revenue	**28,520,886**	29,804,809
Gross profit margin	**24.3%**	24.3%

Results

The Company's results are shown within the Directors' Report.

This report was approved by the board on 29 JULY 2020 and signed on its behalf.

F Torrilla
Director

Directors' Report
For the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors 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.

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.

Principal activity

The Company's principal activity as a tour operator continued during the year.

Results and dividends

The profit for the year, after taxation, amounted to £1,911,993 (2018: £2,203,999).

The directors do not recommend payment of a dividend (2018: £Nil).

Going concern

The Company is in a net current assets position, and although it has sufficient financial resources to pay its liabilities for a period after the Balance Sheet date, due to the COVID-19 pandemic, it will require support from the ultimate parent company, REWE ZentralFinanz EG which has provided the Company with an undertaking that, for at least 12 months from the date of approval of these financial statements, if required, it will provide financial support to ensure that the Company is able to meet is current and future obligations.

Having taken action to assess whether they can rely on the support being provided by the ultimate parent undertaking, the directors believe that with this support, the Company is well placed to manage its business risks successfully and navigate the COVID-19 crisis. Thus, they continue to adopt the going concern basis in preparing the annual Financial Statements.

Directors

The directors who served during the year were:

D Jones
F Torrilla

Charitable donations and political contributions

There were no political nor charitable contributions in the year (2018: £Nil).

Future developments

Please refer to the Strategic Report business review for an overview on the future developments of the Company.

Financial risk management

Currency risk

The functional currency of the Company is Sterling however the Company undertakes transactions in a number of currencies, principally Euros, US Dollars and South African Rand. The Company's objective is to minimise the risk associated with foreign currencies and does so through the use of hedging through the medium of forward rate contracts. Within the Group structure there is a currency committee who meet to evaluate foreign exchange and currency risk regularly and are best placed to mitigate this risk across the Group.

Price risk

The Company has no equity investments, other than its investment in a Group subsidiary, and therefore has no exposure to price risk.

Credit risk

The Company's principal financial assets are trading cash and deposits held in a Group Cash Reserve. The Company minimises credit risk by ensuring that customer bookings are paid for in advance of departure. In the event of a customer default the Company is able to cancel bookings at minimal/zero cost with airlines and hoteliers. The Company is also protected through ABTA and has suitable insurance policies in place in the event that a travel agent with credit terms failed to meet its liabilities as they fall due.

All cash is held by banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

The directors and management consider liquidity risk to be low. The Company has no external financing facilities and has appropriate cash reserves to meet its liabilities as they fall due. The Group also has the support of its ultimate parent REWE ZentralFinanz eG. The Group manages its available liquid resources through a Group cash pool arrangement with a fellow group company REWE International Finance B.V.

Research and development activities

The Company did not undertake any research and development expenditure in the year.

Engagement with employees

The Company is an equal opportunities employer and all applications are treated on merit, regardless of sex, disability, religious belief, marital status, colour, race or ethnic origins. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Company continues and that appropriate training is arranged. The training, career development and promotion of disabled persons are, as far as possible, consistent with that of other employees.

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through regular staff involvement in departmental meetings and also through the medium of internal communications through the Company's internal PR team.

Qualifying third party indemnity provisions

The Group has qualifying third party indemnity provisions in place for two statutory directors during the year and at the date of approval of the Directors' Report.

Existence of branches outside of the UK

The Company does not have any branches outside the UK as defined by section 1046(3) of the Companies Act 2006.

Statement of disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

At the date of approval of these financial statements, COVID-19 continues to spread internationally, contributing to a sharp decline in global financial markets and a significant decrease in global economic activity, which is significantly impacting the travel industry.

At the time of writing, 14 day inbound quarantine restrictions still exist on most key long haul destinations with only speculative information available on which further destinations might open up and when. A number of short haul European countries are more freely available for outbound travel, but interest is still severely curtailed, as customers remain nervous about the travel experience. Significant uncertainty remains on how customer travel trends will change, and this will likely differ across different demographics of customer.

The directors expect the outbreak to have a continued impact on operations of the business for a sustained period after the Balance Sheet date, and are taking actions to mitigate these effects as much as possible.

Independent auditors

As a result of a group wide tender, KPMG LLP will be appointed in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 JULY 2020 and signed on its behalf.

F Torrilla
Director

Independent Auditors' Report to the members of Kirker Travel Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kirker Travel Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

Independent Auditors' Report to the members of Kirker Travel Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Ian Dudley

Ian Dudley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

Date: 29 July 2020

Kirker Travel Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	28,520,886	29,804,809
Cost of sales		(21,594,775)	(22,574,070)
Gross profit		6,926,111	7,230,739
Administrative expenses		(4,767,778)	(4,660,479)
Operating profit	5	2,158,333	2,570,260
Interest receivable and similar income	9	178,878	151,238
Interest payable and expenses	10	(22,569)	-
Profit before taxation		2,314,642	2,721,498
Tax on profit	11	(402,649)	(517,499)
Profit for the financial year		1,911,993	2,203,999
Other comprehensive (expense)/income: Items that may be subsequently reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges		7,598	25,670
Tax expense on other comprehensive income		(13,796)	(9,875)
Other comprehensive (expense)/income for the financial year		(6,198)	15,795
Total comprehensive income for the year		1,905,795	2,219,794

The notes on pages 14 to 37 form part of these financial statements.

Kirker Travel Limited
Registered number:01985696

Balance Sheet
As at 31 December 2019

	Note		2019 £		2018 £
Fixed assets					
Intangible assets	12		64,066		28,252
Tangible assets	13		1,526,828		12,546
Investments	14		40,000		40,000
			1,630,894		80,798
Current assets					
Debtors: amounts falling due within one year	15	15,309,322		14,499,711	
Cash and cash equivalents	16	738,069		506,106	
		16,047,391		15,005,817	
Creditors: amounts falling due within one year	17	(4,730,588)		(5,451,257)	
Net current assets			11,316,803		9,554,560
Total assets less current liabilities			12,947,697		9,635,358
Creditors: amounts falling due after more than one year	18		(1,358,318)		-
			11,589,379		9,635,358
Provisions for liabilities					
Provisions	21		(48,159)		(47,206)
Net assets			11,541,220		9,588,152
Capital and reserves					
Called up share capital	22		100,000		100,000
Share premium account	23		1,364		1,364
Capital redemption reserve	23		9,090		9,090
Cash flow hedging reserve	23		27,501		33,699
Profit and loss account	23		11,403,265		9,443,999
Total shareholders' funds			11,541,220		9,588,152

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 JULY 2020

F Torrilla
Director

The notes on pages 14 to 37 form part of these financial statements.

Kirker Travel Limited

Statement of Changes in Equity
For the Year Ended 31 December 2019

	Called up share capital	Share premium account	Capital redemption reserve	Cash flow hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2019	100,000	1,364	9,090	33,699	9,443,999	9,588,152
Impact of adoption of IFRS 16 (see note 2.2)	-	-	-	-	47,273	47,273
At 1 January 2019 (adjusted balance)	100,000	1,364	9,090	33,699	9,491,272	9,635,425
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,911,993	1,911,993
Effective portion of changes in fair value of cash flow hedges	-	-	-	7,598	-	7,598
Tax on other comprehensive income	-	-	-	(13,796)	-	(13,796)
Other comprehensive expense for the year	-	-	-	(6,198)	-	(6,198)
Total comprehensive (expense)/income for the year	-	-	-	(6,198)	1,911,993	1,905,795
At 31 December 2019	100,000	1,364	9,090	27,501	11,403,265	11,541,220

The notes on pages 14 to 37 form part of these financial statements.

Kirker Travel Limited

Statement of Changes in Equity
For the Year Ended 31 December 2018

	Called up share capital	Share premium account	Capital redemption reserve	Cash flow hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2018	100,000	1,364	9,090	17,904	7,240,000	7,368,358
Comprehensive income for the year						
Profit for the year	-	-	-	-	2,203,999	2,203,999
Effective portion of changes in fair value of cash flow hedges	-	-	-	25,670	-	25,670
Tax on other comprehensive income	-	-	-	(9,875)	-	(9,875)
Other comprehensive income for the year	-	-	-	15,795	-	15,795
Total comprehensive income for the year	-	-	-	15,795	2,203,999	2,219,794
At 31 December 2018	100,000	1,364	9,090	33,699	9,443,999	9,588,152

The notes on pages 14 to 37 form part of these financial statements.

1. General information

Kirker Travel Limited is a private company limited by shares, incorporated and domiciled in England and Wales under the Companies Act. The address of the registered office is given on the Company Information page and the nature of the Company's operations and principal activities are given in the Directors' Report and Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company's presentational currency is GBP.

The Company is itself a subsidiary undertaking and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group. The Company's parent undertaking, DER Touristik UK Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of DER Touristik UK Limited are prepared in accordance with International Financial Reporting Standards, are available to the public and may be obtained from Touristik House, One Dorking Office Park, Dorking, RH4 1HJ.

The following principal accounting policies have been applied consistently, other than where new policies have been adopted:

2.2 Impact of new international reporting standards, amendments and interpretations

IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

The new standard, IFRS 16, has replaced the previously applicable standard, IAS 17 with effect from 1 January 2019. The scope of IFRS 16 includes all rental and lease arrangements, sub-letting arrangements and sale-and-leaseback transactions.

The purpose of the new standard is to account for all obligations arising from rental and lease arrangements. The principal innovation of IFRS 16 as compared to IAS 17 relates to lessee accounting. Going forward, lessees will no longer be required to classify leases as either operating or finance leases. Instead, the lessee must recognise a liability as at the date on which the lessor transfers the asset to the lessee for use as well as a corresponding right-of-use asset, which is generally equal to the present value of the future lease payments plus directly attributable costs. During the term of the lease, the lease liability is adjusted using a model based on financial mathematics, while the usage right is amortised.

The new standard has materially affected EBITDA, EBITA, EBIT, EBT and EAT: the future lease payments attributable to leases to be recognised are no longer reported as a lease expense. These leases are recognised through profit or loss by amortising the recognised right-of-use asset and discounting the lease liability.

2. Accounting policies (continued)

2.2 Impact of new International reporting standards, amendments and interpretations (continued)

The new standard has also affected the cash flow statement: Whereas the lease expenses from operating leases were previously reported under cash flows from operating activities, the effects from these leases to be recognised going forward are reported in different sections of the cash flow statement: Interest paid is recognised under cash flows from operating activities and payment of the lease liability under cash flows from financing activities. Thus, IFRS 16 has lead to an increase in cash flows from operating activities and a decrease in cash flows from financing activities.

The Company has applied the standard from the mandatory effective date on 1 January 2019 using the modified retrospective approach. The lease liability must be measured as at the date of first-time application, being 1 January 2019, using the present value of the lease payments still outstanding as at the transition date, applying the incremental borrowing rate. The right-of-use asset is recognised at the same amount less amounts recognised as provisions if the lease is an onerous contract as defined in IAS 37. Any difference is recognised in retained earnings.

The Company reviewed significant leases (real estate and fleet) with respect to the new accounting requirements for leases under IFRS 16 and as at 1 January 2019 a lease liability exists to the value of £6,036 and right of use assets exists to the value of £6,103.

An interest rate of 6% per cent was used to calculate the present value of real estate leases and 2% used to calculate the present value of fleet leases. Options to renew are only taken into account if, on the basis of the plans approved by management, it is sufficiently certain that the corresponding leased asset will continued to be operated over this period; otherwise, the shortest possible lease term is assumed.

On transition to IFRS 16, the Company has elected to apply the exemption available for leases previously classified as operating leases under IAS 17 not to recognise right-of-use assets and lease liabilities for leases with less than 12 months of remaining lease term at the date of application.

2. Accounting policies (continued)

2.2 Impact of new international reporting standards, amendments and interpretations (continued)

The following tables summarise the impacts of adopting new reporting standards on the Company's financial statements.

Balance Sheet (extract)

	31 December 2018 As originally presented £	IFRS 16 £	1 January 2019 Adjusted balance £
Fixed assets			
Intangible assets	28,252	-	28,252
Tangible assets	12,546	6,103	18,649
Investments	40,000	-	40,000
	80,798	6,103	86,901
Current assets			
Debtors	14,499,711	-	14,499,711
Cash at bank and in hand	506,106	-	506,106
Total current assets	15,005,817	-	15,005,817
Creditors: amounts falling due within one year	(5,451,257)	(4,483)	(5,455,740)
Total assets less current liabilities	9,635,358	1,620	9,636,978
Creditors: amounts falling due after more than one year	-	(1,553)	(1,553)
Provisions	(47,206)	47,206	-
Net assets	9,588,152	47,273	9,635,425
Capital and reserves			
Called up share capital	100,000	-	100,000
Share premium account	1,364	-	1,364
Capital redemption reserve	9,090	-	9,090
Cash flow hedge reserve	33,699	-	33,699
Profit and loss account	9,443,999	47,273	9,491,272
	9,588,152	47,273	9,635,425

2. Accounting policies (continued)

Reconciliation of minimum lease commitment to lease liabilities

	At 1 January 2019 £
Minimum operating lease commitments at 31 December 2018	121,671
Short term leases not recognised under IFRS 16	(115,382)
Undiscounted lease payments	6,289
Effect of discounting at the date of initial application	(253)
Lease liability at 1 January 2019	6,036

2.3 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- 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 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2. Accounting policies (continued)

2.4 Related party transactions

As a wholly owned subsidiary of DER Touristik UK Limited, the Company has taken advantage of the exemption contained in FRS 101.8(k) and has therefore not disclosed transactions or balances with entities which form part of the Group.

2.5 Going concern

The Company is in a net current assets position, and although it has sufficient financial resources to pay its liabilities for a period after the Balance Sheet date, due to the COVID-19 pandemic, it will require support from the ultimate parent company, REWE ZentralFinanz EG which has provided the Company with an undertaking that, for at least 12 months from the date of approval of these financial statements, if required, it will provide financial support to ensure that the Company is able to meet is current and future obligations.

Having taken action to assess whether they can rely on the support being provided by the ultimate parent undertaking, the directors believe that with this support, the Company is well placed to manage its business risks successfully and navigate the COVID-19 crisis. Thus, they continue to adopt the going concern basis in preparing the annual Financial Statements.

2.6 Financial Instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire.

2.7 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the Statement of Comprehensive Income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Statement of Comprehensive Income.

Fair value hedges

The Company hedges against changes in the fair value of recognised assets, recognised liabilities, unrecognised firm commitments or precisely defined portions of such assets, liabilities or firm commitments, if the change is attributable to a specific risk and can impact the profit or loss for the period. For fair value hedges, the carrying amount of a hedged item is adjusted by the gain or loss from the hedged item attributable to the hedged risk and the derivative financial instrument is re-measured at its fair value.

2. Accounting policies (continued)

Derivative financial instruments and hedging (continued)

The changes in the fair value of derivatives that were designated for hedging the fair value of certain assets or liabilities and that must be classified as a fair value hedge are recognised in the Statement of Comprehensive Income together with the changes to the fair value of this asset or liability with a corresponding gain or loss recognised in profit or loss for the year.

A fair value hedge ceases to be recognised if the hedging instrument expires, is sold, becomes due or is exercised, or if the transaction no longer satisfies the requirements for hedge accounting. Any adjustment to the carrying value amount of a hedged financial instrument is amortised to profit and loss using the effective interest method.

Replacing or continuing a hedging instrument through another hedging instrument will in this case not constitute the expiration or termination of the hedging relationship if such a replacement or continuation is a part of the previously documented hedging strategy. The novation of a hedging instrument to a central counterparty also does not constitute an end to the hedging relationship if the hedging instrument was novated due to statutory requirements, on account of the novation the central counterparty becomes the contracting partner of all parties of a derivative agreement, and there are no changes (except for those necessitated by the novation) to the terms of the agreement underlying the original derivative.

2.8 Turnover

Turnover represents the invoiced value of services provided exclusive of value added tax, in respect of holidays taken for departure dates up to 31 December 2019. Turnover is generated from the sale of a bundled performance obligation, being a holiday package, with a fixed price. Income is not treated as earned until departure date.

Income from the rendering of services is recognised in accordance with the stage of completion. Stage of completion is measured by the number of departed nights in a booking that fall in a particular year. Total revenue for a booking is assumed to accrue evenly across each day.

2.9 Leases

The Company as a lessee

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. As such, the 2018 comparatives have not been restated.

For the year ended 31 December 2018, the Company had operating leases which were accounted for as follows:

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2. Accounting policies (continued)

Leases (continued)

From 1 January 2019, the Company has adopted IFRS 16 and accounted for leases as follows:

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as those with a value below USD 5,000 at inception). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives; variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed in which case the lease liability is re-measured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset.

2. Accounting policies (continued)

Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in 'Tangible Fixed Assets' in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in full in profit or loss in the year in which the impairment is identified.

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following bases:

Software	- 3 years

Software consists of website development costs that have been capitalised to the extent that an enduring asset has been created where future economic benefits are expected to arise.

2.11 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as shown below:

Short-term leasehold improvements	- Over the lease term
Right-of use-property	- Over the lease term
Right-of-use motor vehicles	- Over the lease term
Fixtures, furniture and equipment	- 5 years
Computer equipment	- 3 or 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2. Accounting policies (continued)

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Impairment is provided by applying the expected credit loss model, using the simplified approach, as no receivables have been assessed to include a significant financing component, taking historic, current and forward looking information into account.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Provisions for liabilities

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

2.17 Foreign currency translation

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in profit or loss except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign currency gains and losses are reported on a net basis.

2. **Accounting policies (continued)**

2.18 Finance costs

Finance costs include interest relating to the unwinding of the discount on lease liabilities and the associated dilapidations provisions which are recognised over the term of the lease.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Statement of Comprehensive Income within 'interest payable and similar expenses'.

2.19 *Pensions*

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.20 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. The invoiced value of contributions from suppliers for involvement in marketing and brochure activities has been deducted from marketing expenses.

2.21 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2. Accounting policies (continued)

2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition
The Company recognises revenue based on the date of departure of the booking apportioned on a percentage of completion basis. The directors believe this is the most appropriate revenue basis as this matches the point at which the service is performed.

Leases
Options to renew are only taken into account if, on the basis of the plans approved by management, it is sufficiently certain that the corresponding leased asset will continued to be operated over this period; otherwise, the shortest possible lease term is assumed

Key sources of estimation uncertainty

The following are key sources of estimation uncertainty that the directors have applied in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Leases
An interest rate of 6% for real estate and 2% for fleet has been used to calculate the present value of lease liabilities and the associated right-of use asset.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Amortisation of intangible assets	19,278	18,256
Depreciation of tangible assets	49,695	5,909
Exchange differences	(875,403)	(1,173,974)
Defined contribution pension cost	91,108	91,213

Depreciation of tangible assets comprises charges against the following assets:

	2019 £
Right-of-use property	37,775
Right-of-use motor vehicles	6,173
Fixtures, fittings and equipment	5,747
	49,695

6. Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2019 £	2018 £
Fees for the audit of the Company	32,050	22,900
Fees for assurance services	4,600	4,600
	36,650	27,500

The Company also paid the audit fee of £Nil (2018: £3,130) on behalf of Kirker Travel Services Limited.

7. Employees

Staff costs, including directors' remuneration were as follows:

	2019 £	2018 £
Wages and salaries	2,152,025	2,232,288
Social security costs	281,617	289,617
Other pension costs	91,108	91,213
	2,524,750	2,613,118

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Sales	29	32
Administration	23	23
Directors	2	2
	54	57

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	53,258	53,207
Company contributions to defined contribution pension schemes	3,200	3,287
	56,458	56,494

During the year retirement benefits were accruing to 2 directors (2018: 2) in respect of defined contribution pension schemes.

Directors' remuneration is paid by the parent company, DER Touristik UK Limited, and allocated to the Company on a time spent basis.

9. Interest receivable and similar income

	2019 £	2018 £
Bank interest receivable	178,878	151,238

10. Interest payable and similar expenses

	2019 £	2018 £
Interest on dilapidations provision	696	-
Interest on lease liabilities	21,873	-
	22,569	-

11. Tax on profit

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	393,111	514,643
Total current tax	393,111	514,643
Deferred tax		
Origination and reversal of timing differences	9,538	2,834
Adjustments in respect of previous year - deferred tax	-	22
Total deferred tax	9,538	2,856
Tax on profit	402,649	517,499

11. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £	2018 £
Profit before taxation	2,314,642	2,721,498
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	439,782	517,085
Effects of:		
Expenses not deductible for tax purposes	39,720	942
Adjustments in respect of previous year - deferred tax	-	22
Change to tax rates	(2,744)	(550)
Group relief	(74,109)	-
Total tax charge for the year	402,649	517,499

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include a reduction to the main rate to reduce the rate to 17% from 1 April 2020.

Deferred taxes at the reporting date have been measured using this enacted tax rate and reflected in these financial statements.

Factors that may affect future tax charges

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. This will increase the Company's future tax charge accordingly.

12. Intangible assets

	Software £
Cost	
At 1 January 2019	56,255
Additions	55,092
At 31 December 2019	111,347
Amortisation	
At 1 January 2019	28,003
Charge for the year	19,278
At 31 December 2019	47,281
Net book value	
At 31 December 2019	64,066
At 31 December 2018	28,252

The amortisation charge for the year is recognised within administrative expenses in the Statement of Comprehensive Income.

13. Tangible assets

	Right-of-use property £	Right-of-use motor vehicles £	Fixtures, furniture and equipment £	Computer equipment £	Short-term leasehold improvements £	Total £
Cost						
At 1 January 2019	-	-	49,164	22,848	23,320	95,332
Impact of adoption of IFRS 16 - see note 2.2	-	6,103	-	-	-	6,103
At 1 January 2019 (adjusted balance)	-	6,103	49,164	22,848	23,320	101,435
Additions	1,511,012	14,354	-	32,508	-	1,557,874
At 31 December 2019	1,511,012	20,457	49,164	55,356	23,320	1,659,309
Depreciation						
At 1 January 2019	-	-	36,618	22,848	23,320	82,786
Charge for the year	37,775	6,173	5,747	-	-	49,695
At 31 December 2019	37,775	6,173	42,365	22,848	23,320	132,481
Net book value						
At 31 December 2019	1,473,237	14,284	6,799	32,508	-	1,526,828
At 31 December 2018	-	-	12,546	-	-	12,546

13. Tangible fixed assets (continued)

The depreciation charge for the year is recognised within administrative expenses in the Statement of Comprehensive Income.

The computer equipment additions have not been depreciated during the year as they are part of a new booking system which will not come into operation until 2020.

14. Investments

	Investments in subsidiary company £
Cost or valuation	
At 1 January 2019 and 31 December 2019	40,000

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Class of shares	Holding	Principal activity
Kirker Travel Services Limited	Ordinary	100%	Transport ticketing services

The registered office of Kirker Travel Services Limited is the same as for its parent undertaking, as disclosed in the Company Information page.

The carrying value of the Company's investment in Kirker Travel Services Limited is supported by the trading activity of the Company itself. The subsidiary listed above is a VAT Transport vehicle and as a consequence its profitability/carrying value is inherently linked to the trading activities of the Company. Therefore, as the directors deem it is an appropriate measure to use the going concern assumption for the Company (see note 2.5) this also supports the carrying value of the investment in the subsidiary company.

Kirker Travel Services Limited is entitled to, and will take, the exemption from audit as permitted by section 479A of the Companies Act 2006 relating to subsidiary undertakings. Kirker Travel Limited has given a guarantee of the outstanding liabilities to which the subsidiaries are subject at the end of the financial year until they are satisfied in full. The fair value of the guarantee is considered to be nil as all liabilities under the guarantee are intercompany balances within the Group.

15. Debtors

	2019 £	2018 £
Amounts falling due within one year		
Trade debtors	17,615	16,435
Amounts owed by group undertakings	14,285,335	13,252,179
Other debtors	108,361	131,581
Prepayments and accrued income	868,589	976,055
Deferred taxation (note 20)	2,913	26,247
Financial instruments	26,509	97,214
	15,309,322	14,499,711

Amounts owed by *group undertakings relates to Group cash deposits subject to a cash pooling* agreement made with REWE International Finance B.V., a fellow Group company based in the Netherlands. Interest on these cash deposits is earned at a variable interest rate depending on the terms of the agreement per deposit. Interest rates for the current year ranged from 0.25% to 2.60% (2018: 0.15% to 1.68%).

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	738,069	506,106

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	147,738	124,314
Amounts owed to group undertakings	80,052	-
Corporation tax	132,409	256,206
Other taxation and social security	92,462	54,555
Lease liabilities (note 19)	120,833	-
Other creditors	58,066	196,237
Accruals and deferred income	3,974,311	4,776,928
Financial instruments	124,717	43,017
	4,730,588	5,451,257

Amounts owed to fellow group undertakings are unsecured, interest free and payable on demand through an intercompany netting process.

18. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Lease liabilities (note 19)	1,358,318	-

19. Leases

Company as a lessee

See note 2.2 for the nature of leases undertaken by the Company.

Lease liabilities are due as follows:

	2019 £
Not later than one year	120,833
Between one year and five years	540,821
Later than five years	817,497
	1,479,151

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2019 £
Interest expense on lease liabilities	21,873
Expenses relating to short-term leases	115,382

20. Deferred taxation

	2019 £	2018 £
At beginning of year	26,247	38,978
Charged to profit or loss	(9,538)	(2,856)
Charged to other comprehensive income	(13,796)	(9,875)
At end of year	2,913	26,247

The deferred tax asset is made up as follows:

	2019 £	2018 £
Fixed asset differences	8,576	10,589
Capital gains	(23,715)	-
Short term temporary differences	18,052	15,658
	2,913	26,247

21. Provisions

	Dilapidations provision £
At 1 January 2019	47,206
Released in year	(47,206)
Additions to right-of-use asset	47,463
Interest	696
At 31 December 2019	48,159

The dilapidations provision was previously being accrued over the course of the lease. As part of the adoption of IFRS 16, the Company has changed the policy for accounting for dilapidations provisions, and this is now provided for in full at inception of the lease. As such, the provision at 1 January 2019 has been restated as part of the impact upon adoption of IFRS 16 (see note 2.2).

22. Called up share capital

	2019	2018
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
100,000 (2018: 100,000) Ordinary shares of £1 each	**100,000**	100,000

23. Reserves

The Company has the following reserves:

Share premium account

The share premium reserve relates to amounts paid for share capital in excess of nominal value.

Capital redemption reserve

The capital redemption reserve relates to the nominal value of share capital that has been repurchased.

Foreign exchange reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedge transactions that have not yet occurred.

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

24. Contingent liabilities

Forward currency contracts
REWE International Finance B.V. has taken out foreign exchange contracts entered into in the normal course of business amounting to £5,465,654 (2018: £3,542,244) on behalf of the Company.

Foreign currency purchases are committed at the time of booking in advance of the customer departure. Currency market movements are mitigated as currency commitments mature at the time of supplier payment, post customer departure. Contingent liabilities volumes and hedging commitments are dictated by booking patterns for the following year departures and predominantly arise on the Euro.

25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £91,108 (2018: £91,213). Contributions totalling £15,690 (2018: £14,077) were payable to the fund at the Balance Sheet date.

26. Commitments under operating leases

At 31 December 2019 leases entered into by the Company are accounted for in accordance with IFRS 16 as detailed in note 19 and therefore not reflected in this note. As at 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	-	121,671

See note 2.2 for a reconciliation of the operating lease commitments at 31 December 2018 to the lease liability created upon adoption of IFRS 16 at 1 January 2019.

27. Post balance sheet events

At the date of approval of these financial statements, COVID-19 continues to spread internationally, contributing to a sharp decline in global financial markets and a significant decrease in global economic activity, which is significantly impacting the travel industry.

At the time of writing, 14 day inbound quarantine restrictions still exist on most key long haul destinations with only speculative information available on which further destinations might open up and when. A number of short haul European countries are more freely available for outbound travel, but interest is still severely curtailed, as customers remain nervous about the travel experience. Significant uncertainty remains on how customer travel trends will change, and this will likely differ across different demographics of customer.

The directors expect the outbreak to have a continued impact on operations of the business for a sustained period after the Balance Sheet date, and are taking actions to mitigate these effects as much as possible.

28. Controlling party

The immediate parent company is DER Touristik UK Limited, incorporated in England and Wales. This is also the parent undertaking of the smallest group for which consolidated financial statements are prepared.

REWE ZentralFinanz eG is the parent undertaking of the largest group for which consolidated financial statements are prepared. A copy of the consolidated financial statements may be obtained from REWE ZentralFinanz eG, Domstraße 20, 50668, Köln. In the opinion of the directors this is the Company's ultimate parent undertaking and ultimate controlling party at the date of this report.