

Kirker Travel Limited

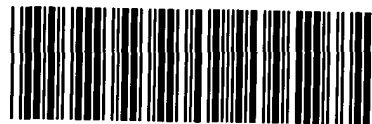
Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 01985696

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Kirker Travel Limited

Company Information

Directors	F Torrilla M J Quinlisk
Company secretary	K M Wallis
Registered number	01985696
Registered office	4 Waterloo Court 10 Theed Street London SE1 8ST
Independent auditor	KPMG LLP Global House High Street Crawley RH10 1DQ

Kirker Travel Limited

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Kirker Travel Limited

Strategic Report For the Year Ended 31 December 2022

The directors present their report and financial statements for the year ended 31 December 2022.

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, key performance indicators and future developments

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.

	2022 £	2021 £
Revenue	20,139,775	3,521,254
Gross profit margin	<u>25.9%</u>	<u>29.7%</u>

The Company's flexible approach to travel challenges and customer requests during the Covid-19 pandemic enhanced its reputation and placed it in a strong position to maximise sales opportunities as travel recovered to more normal levels in 2022. The Company's most popular destinations were Italy, France, Spain and Portugal, a similar pattern to pre-pandemic travel. During 2022 the Company has taken on a number of new recruits and, although the training process will take a while to complete, the team is now back in the office, full time, with senior colleagues mentoring the team to ensure service standards are fully maintained.

The Company's turnover in 2022 was £20,139,775 up from £3,521,254 in 2021. At the Balance Sheet date, the Company's net current assets were £10,816,264 (2021: £9,398,042) and net assets were £10,246,177 (2021: £8,638,583).

The Company will continue to monitor destination and travel trends, including providing a wide range of new rail routes, and its sales and marketing strategy will be developed accordingly.

Coronavirus Impact

The directors continue to monitor the impact of the Coronavirus pandemic closely.

It is the directors view that normal conditions, similar to that last seen in 2019 for the travel market is fast approaching, with less and less destinations now affected.

The expectation is that from 2024 onwards, outbound travel volume will be close to 2019 levels.

Ukraine and Russia conflict

The invasion into Ukraine by Russia is a situation the directors continue to monitor.

The Company has no direct business into these destinations and the loss of these destinations is therefore not expected to have a material impact on the performance of the Company.

In terms of a wider impact to confidence to travel, initially the significant press generated short term reduction in demand but following this, bookings continue to be largely unaffected.

Kirker Travel Limited

Strategic Report (continued) For the Year Ended 31 December 2022

Business review, key performance indicators and future developments (continued)

Cost of living crisis

The directors continue to monitor the impact of the cost of living crisis.

Continued high inflation, and rising interest rates is certainly driving a change in consumer behaviour and on our holiday bookings, as customers shift their plans dependant on their own individual Budgets and personal circumstances.

The more pertinent challenge however is rising costs, with continued cost pressure at all touch points. The directors are monitoring this closely, with a view to offsetting these increases with improvements in operational efficiencies.

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.

Climate change is a constant discussion point, with targets for reaching a NetZero in place, there is a risk that customers appetite for international travel subsides in acknowledgement of the impact that flying has on the environment. With flying being a key component of the Company's package this is a difficult risk to remedy but the Company does offer accommodation only services, whilst it also supports group wide initiatives designed to monitor and improve its impact on the environment including the streamlined energy and carbon reporting (SECR).

This report was approved by the board on

22-Jun-2023

and signed on its behalf.

DocuSigned by:

Francis Torrilla

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F Torrilla
Director

Kirker Travel Limited

Directors' Report For the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year, after taxation, amounted to £1,592,008 (2021: loss of £1,415,378).

The directors do not recommend payment of a dividend (2021: £Nil).

Going concern

As at 31 December 2022 the Company's Balance Sheet is in a strong position. The Company has net current assets of £10,816,264 (2021: £9,398,042) and net assets of £10,246,177 (2021: £8,638,583). Despite being impacted by the Covid-19 pandemic the Company is in an enviable cash position with cash in the bank of £685,711 (2021: £363,721) as well as further cash on deposit with a fellow Group Company REWE International Finance B.V of £12,858,151 (2021: £12,153,465).

The directors have prepared cash flow forecasts for the whole UK group for the period up to 12 months from the date of approval of these financial statements which indicate that, taking account of ongoing impact of Covid-19 on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for the period. The forecast accounts for cashflows for all companies within the group in the upcoming 12 months.

Those forecasts are dependent on its ultimate parent company REWE ZentralFinanz EG continuing to make available such funds as are needed by the Company, and that it does not intend to seek repayment of any amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

In addition to the strength of the Company as a stand-alone vehicle, the Company also benefits from the support of its intermediate parent company, Der Touristik Group GmbH, who have provided 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 its current and future obligations.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Directors

The directors who served during the year were:

F Torilla
M J Quinlisk (appointed 19 August 2022)
D Jones (resigned 19 August 2022)

Future developments

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

Kirker Travel Limited

Directors' Report (continued) For the Year Ended 31 December 2022

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.

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.

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.

Research and development activities

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

Statement of disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Kirker Travel Limited

Directors' Report (continued) For the Year Ended 31 December 2022

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 22-Jun-2023 and signed on its behalf.

DocuSigned by:

Francis Torrilla

CEFC48595FA84F3...

F Torrilla
Director

Kirker Travel Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2022

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Kirker Travel Limited

Opinion

We have audited the financial statements of Kirker Travel Limited ("the Company") for the year ended 31 December 2022 which comprises the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditor's Report to the Members of Kirker Travel Limited (continued)

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is made up of a large volume of low value transactions, with little judgment or complexity involved. In addition, no pressures or incentives for management to commit fraudulent financial reporting through inappropriate revenue recognition were identified.

We also identified a fraud risk related to provisions and accruals in response to possible pressures to meet profit targets.

We performed procedures including:

- Identifying journal entries and post close adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries posted with unusual account combinations to cash, accruals and provisions, material post close adjustments, postings made by users who would not be expected to make journal entries and postings to seldom used accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, UK Civil Aviation Authority regulations and ABTA regulations and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent Auditor's Report to the Members of Kirker Travel Limited (continued)

Fraud and breaches of laws and regulations - ability to detect (continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations (continued)

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law and money laundering. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatement in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Independent Auditor's Report to the Members of Kirker Travel Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

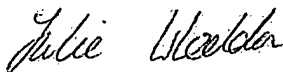
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Julie Wheeldon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
Global House
High Street, Crawley
RH10 1DQ

Date: 23 June 2023

Kirker Travel Limited

Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	20,139,775	3,521,254
Cost of sales		(14,927,690)	(2,475,994)
Gross profit		5,212,085	1,045,260
Administrative expenses		(3,096,541)	(3,016,531)
Other operating income		-	247,352
Operating profit/(loss)	5	2,115,544	(1,723,919)
Interest receivable and similar income	9	-	3,145
Interest payable and similar expenses	10	(71,666)	(80,451)
Profit/(loss) before tax		2,043,878	(1,801,225)
Tax on profit/(loss)	11	(451,870)	385,847
Profit/(loss) for the financial year		1,592,008	(1,415,378)
Other comprehensive income/(expense):			
Items that will be subsequently reclassified to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		14,238	(35,619)
Tax on other comprehensive income		1,348	7,016
Other comprehensive income/(expense) for the year		15,586	(28,603)
Total comprehensive income/(expense) for the year		1,607,594	(1,443,981)

The notes on pages 16 to 38 form part of these financial statements.

Kirker Travel Limited
Registered number: 14066292

Balance Sheet
As at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	5,816	32,390
Tangible assets	13	1,034,068	1,196,721
Investments	14	40,000	40,000
		<u>1,079,884</u>	<u>1,269,111</u>
Current assets			
Debtors: amounts falling due within one year	15	14,076,280	13,542,211
Cash and cash equivalents	16	685,711	363,721
		<u>14,761,991</u>	<u>13,905,932</u>
Creditors: amounts falling due within one year	17	(3,945,727)	(4,507,890)
Net current assets		<u>10,816,264</u>	<u>9,398,042</u>
Total assets less current liabilities		<u>11,896,148</u>	<u>10,667,153</u>
Creditors: amounts falling due after more than one year	18	(962,612)	(1,099,514)
		<u>10,933,536</u>	<u>9,567,639</u>
Provisions for liabilities			
Provisions	21	(687,359)	(929,056)
Net assets		<u><u>10,246,177</u></u>	<u><u>8,638,583</u></u>

Kirker Travel Limited
Registered number: 14066292

Balance Sheet (continued)
As at 31 December 2022

	Note	2022 £	2021 £
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	51,804	36,218
Profit and loss account	23	10,083,919	8,491,911
Total shareholders' funds		10,246,177	8,638,583

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22-Jun-2023

DocuSigned by:

Francis Torrilla

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F Torrilla
 Director

The notes on pages 16 to 38 form part of these financial statements.

Kirker Travel Limited

Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital	Share premium account	Capital redemption reserve	Cash flow hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2022	100,000	1,364	9,090	36,218	8,491,911	8,638,583
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,592,008	1,592,008
Effective portion of changes in fair values of cash flow hedges	-	-	-	14,238	-	14,238
Tax on other comprehensive income	-	-	-	1,348	-	1,348
Other comprehensive income for the year	-	-	-	15,586	-	15,586
Total comprehensive income for the year	-	-	-	15,586	1,592,008	1,607,594
At 31 December 2022	100,000	1,364	9,090	51,804	10,083,919	10,246,177

The notes on pages 16 to 38 form part of these financial statements.

Kirker Travel Limited

Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Share premium account	Capital redemption reserve	Cash flow hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2021	100,000	1,364	9,090	64,821	9,907,289	10,082,564
Comprehensive expense for the year						
Loss for the year	-	-	-	-	(1,415,378)	(1,415,378)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(35,619)	-	(35,619)
Tax on other comprehensive income	-	-	-	7,016	-	7,016
Other comprehensive expense for the year	-	-	-	(28,603)	-	(28,603)
Total comprehensive expense for the year	-	-	-	(28,603)	(1,415,378)	(1,443,981)
At 31 December 2021	100,000	1,364	9,090	36,218	8,491,911	8,638,583

The notes on pages 16 to 38 form part of these financial statements.

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS101 disclosure exemptions has been taken.

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 and functional 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 and Companies House.

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

2.2 New standards, interpretations and amendments adopted from 1 January 2022

The following amendments are effective for the period beginning 1 January 2022:

- Onerous contracts – Costs of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

None of these amendments had any impact on the Company.

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

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; and
 - 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.

2.4 Going concern

As at 31 December 2022 the Company's Balance Sheet is in a strong position. The Company has net current assets of £10,816,264 (2021: £9,398,042) and net assets of £10,246,177 (2021: £8,638,583). Despite being impacted by the Covid-19 pandemic the Company is in an enviable cash position with cash in the bank of £685,711 (2021: £363,721) as well as further cash on deposit with a fellow Group Company REWE International Finance B.V of £12,858,151 (2021: £12,153,465).

The directors have prepared cash flow forecasts for the whole UK group for the period up to 12 months from the date of approval of these financial statements which indicate that, taking account of ongoing impact of Covid-19 on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for the period. The forecast accounts for cashflows for all companies within the group in the upcoming 12 months.

Those forecasts are dependent on its ultimate parent company REWE ZentralFinanz EG continuing to make available such funds as are needed by the Company, and that it does not intend to seek repayment of any amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.4 Going concern (continued)

In addition to the strength of the Company as a stand-alone vehicle, the Company also benefits from the support of its intermediate parent company, DER Touristik Group GmbH, who have provided 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 its current and future obligations.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.5 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.

2.6 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. 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).

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

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.

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied – see below), the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged forecast transactions, the associated cumulative gain or loss is reclassified to the income statement in the same period or periods during which the hedged expected future cash flows affects profit or loss.

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.7 Turnover

Turnover represents the invoiced value of services provided exclusive of value added tax, in respect of holidays taken for departure dates up to the reporting date. 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.

2.8 Leases

The Company as a lessee

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 lease liability is reduced for any rent forgiven due to the impact of Covid-19 (as disclosed in note 19).

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).

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.8 Leases (continued)

- 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.

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.

2.9 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
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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.

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.10 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.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 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.

2.13 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.

2.14 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.

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.15 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.

2.16 Government grants

Government grants are included within accruals and deferred income in the Balance Sheet and credited to the Statement of Comprehensive Income on a systematic basis over the estimated useful economic lives of the assets to which they relate or over the periods in which the related costs for which the grants are intended to compensate are recognised as expenses. Amounts recognised in the Statement of Comprehensive Income are presented under the heading "Other operating income".

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.

2.18 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 profit or loss within cost of sales.

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.

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

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.

2.22 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.

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

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.

Deferred tax asset

Management consider whether it is probable that there will be future taxable profits when considering the recognition of the deferred tax asset.

Provisions

Provisions relate to a dilapidations provision, legal provision and provision against unreturned refunds. The dilapidations provision has been calculated on the net present value of the anticipated cash outflows required at the end of each respective lease arrangement. Management used a discount rate of between 4-6% in arriving at this provision. The legal provision has been calculated on management's assessment and judgement of the damages associated with the property. The provisions against unreturned refunds have been calculated based on management's assessment and judgement of the financial strength of specific airlines and hoteliers.

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.

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

4. Turnover

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

All turnover arose within the United Kingdom.

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2022 £	2021 £
Receivables	17,527	-
Contracts assets	-	-
Contract liabilities	<u>(1,872,181)</u>	<u>(2,806,979)</u>

The amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) in previous periods was £29,011 (2021: £16,145).

The amount of revenue recognised in the current period that was included in the contract liability balance at the beginning of the period was £2,754,202 (2021: £207,275).

The contract liabilities at 31 December 2022 primarily relate to the advance consideration received from customers for the purchase of holiday packages.

The contract assets balance at 1 January 2021 was £Nil. The contract liabilities balance at 1 January 2021 was £2,596,771.

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

5. Operating profit/(loss)

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

	2022 £	2021 £
Amortisation of intangible assets	26,574	28,286
Depreciation of tangible fixed assets	162,653	164,155
Exchange differences	(773,013)	(43,353)
Defined contribution pension cost	73,762	73,581
Coronavirus job retention scheme grant income	-	(247,352)
	<u> </u>	<u> </u>

Depreciation of tangible assets comprises charges against the following assets:

	2022 £	2021 £
Right-of-use property	151,101	151,102
Right-of-use motor vehicles	3,190	4,783
Fixtures, furniture and equipment	1,280	1,535
Computer equipment	7,082	6,735
	<u> </u>	<u> </u>
	<u>162,653</u>	<u>164,155</u>

6. Auditor's remuneration

The Company paid the following amounts to its auditor in respect of the audit of the financial statements:

	2022 £	2021 £
Audit of these financial statements	33,578	29,238
	<u> </u>	<u> </u>

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

7. Employees

Staff costs, including directors' remuneration borne by the parent company, were as follows:

	2022 £	2021 £
Wages and salaries	1,644,419	1,232,174
Social security costs	194,939	148,619
Other pension costs	73,762	73,581
	<u>1,913,120</u>	<u>1,454,374</u>

The average monthly number of person employed by the Company (including directors) during the year, analysed by category, was as follows:

	2022 No.	2021 No.
Sales	17	16
Administration	16	15
Directors	2	2
	<u>35</u>	<u>33</u>

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	53,664	32,513
Company contributions to defined contribution pension schemes	728	1,376
	<u>54,392</u>	<u>33,889</u>

During the year retirement benefits were accruing to 2 directors (2021: 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.

All directors are deemed to be key management personnel.

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

9. Interest receivable and similar income

	2022 £	2021 £
Interest receivable on corporation tax refund	-	3,145

10. Interest payable and similar expenses

	2022 £	2021 £
Interest on dilapidations provision	3,247	3,063
Interest on lease liabilities	68,419	75,994
Other interest payable	-	1,394
	71,666	80,451

11. Tax on profit/(loss)

	2022 £	2021 £
Corporation tax		
Current tax on profits/(losses) for the year	-	(331,971)
Adjustments in respect of previous periods	61,719	(962)
Group relief payable	396,080	-
Total current tax	457,799	(332,933)
Deferred tax		
Origination and reversal of timing differences	(5,657)	(43,541)
Effect of tax rate changes/differences	(272)	(9,373)
Total deferred tax	(5,929)	(52,914)
Tax on profit/(loss)	451,870	(385,847)

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

11. Tax on profit/(loss) (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit/(loss) before taxation	2,043,878	(1,801,225)
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	388,337	(342,233)
Effects of:		
Expenses not deductible for tax purposes	6,882	14,283
Adjustments to tax charge in respect of prior periods	61,719	(962)
Changes to tax rates	(5,068)	(21,507)
Movement in deferred tax not recognised	-	(35,428)
Total tax charge/(credit) for the year	451,870	(385,847)

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and increased the corporation tax from 19% to 25% with effect from 1 April 2023. The deferred taxation has been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

12. Intangible assets

	Software £
Cost	
At 1 January 2022	139,625
At 31 December 2022	<u>139,625</u>
Amortisation	
At 1 January 2022	107,235
Charge for the year	26,574
At 31 December 2022	<u>133,809</u>
Net book value	
At 31 December 2022	<u>5,816</u>
At 31 December 2021	<u>32,390</u>

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

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

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 2022	1,511,012	14,354	49,164	57,425	23,320	1,655,275
Disposals	-	(14,354)	-	-	-	(14,354)
At 31 December 2022	1,511,012	-	49,164	57,425	23,320	1,640,921
Depreciation						
At 1 January 2022	339,978	11,164	47,884	36,208	23,320	458,554
Charge for the year	151,101	3,190	1,280	7,082	-	162,653
Disposals	-	(14,354)	-	-	-	(14,354)
At 31 December 2022	491,079	-	49,164	43,290	23,320	606,853
Net book value						
At 31 December 2022	1,019,933	-	-	14,135	-	1,034,068
At 31 December 2021	1,171,034	3,190	1,280	21,217	-	1,196,721

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

13. Tangible assets (continued)

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

14. Investments

	Investments in subsidiary companies £
Cost	
At 1 January 2022 and 31 December 2022	40,000

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

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

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 2.4) this also supports the carrying value of the investment in the subsidiary company.

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

15. Debtors

	2022 £	2021 £
Amounts falling due within one year		
Trade debtors	17,527	-
Amounts owed by group undertakings	12,858,151	12,153,465
Other debtors	102,022	111,568
Prepayments and accrued income	643,604	828,389
Corporation tax receivable	358,089	355,745
Deferred taxation (note 20)	96,887	89,610
Financial assets held at fair value	-	3,434
	<u>14,076,280</u>	<u>13,542,211</u>

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. No interest on these cash deposits was earned in the year (2021: none).

Financial assets held at fair value relate to derivatives, specifically forward foreign exchange contracts, used for hedging.

16. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>685,711</u>	<u>363,721</u>

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

17. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	-	36,556
Amounts owed to group undertakings	56,603	58,358
Corporation tax	457,799	-
Other taxation and social security	68,598	50,037
Lease liabilities (note 19)	136,901	132,367
Other creditors	208,509	564,116
Accruals and deferred income	2,985,500	3,597,786
Financial liabilities held at fair value	31,817	68,670
	<u>3,945,727</u>	<u>4,507,890</u>

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

Financial liabilities held at fair value relate to derivatives, specifically forward foreign exchange contracts, used for hedging.

At 31 December 2022, amounts due to IATA (International Air Transport Association) was £45k.

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

	2022 £	2021 £
Lease liabilities (note 19)	<u>962,612</u>	<u>1,099,514</u>

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

19. Leases

Company as a lessee

See note 2.8 for the nature of leases undertaken by the Company.

Lease liabilities are due as follows:

	2022 £	2021 £
Not later than one year	136,901	132,367
Between one year and five years	634,824	771,725
Later than five years	327,788	327,789
	<u>1,099,513</u>	<u>1,231,881</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in the Statement of Comprehensive income:

	2022 £	2021 £
Interest expense on lease liabilities	68,419	75,994
Rent concession	-	(8,116)
Lease liability reconciliation	<u></u>	<u></u>

	2022 £	2021 £
At 1 January	1,231,881	1,358,318
Interest expense	68,419	75,994
Rent concession	-	(8,116)
Lease payments	(200,787)	(194,315)
At 31 December	<u>1,099,513</u>	<u>1,231,881</u>

During the year, in August 2022 the motor vehicle was disposed of with a closing liability of £Nil.

In the prior year, the Company received a Covid-19 related rent concession in the form of rent forgiveness (reductions in rent contractually due under the terms of lease agreements).

The Company elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfied the criteria. All of the rent concessions entered into during the prior year satisfied the criteria to apply the practical expedient.

The application of the practical expedient has resulted in the reduction of total lease liabilities of £Nil (2021: £8,116).

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

20. Deferred taxation

	2022 £	2021 £
At beginning of year	89,610	29,680
Credited to profit or loss	5,929	52,914
Credited to other comprehensive income	1,348	7,016
At end of year	96,887	89,610

The deferred tax asset is made up as follows:

	2022 £	2021 £
Fixed asset differences	10,538	5,138
Capital losses	10,403	9,055
Short term temporary differences	75,946	75,417
	96,887	89,610

The Company's deferred tax assets primarily derive from short term timing differences. The utilisation of these assets is dependent on the future taxable profits of the Company and since the Company is now profitable and expected to remain this way it is therefore in a position to utilise the deferred tax assets currently recognised.

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Notes to the Financial Statements For the Year Ended 31 December 2022

21. Provisions

	Dilapidations provision £	Legal provision £	Provision against unreturned refunds £	Total £
At 1 January 2022	54,112	630,000	244,944	929,056
Utilised in the year	-	-	(244,944)	(244,944)
Interest	3,247	-	-	3,247
At 31 December 2022	57,359	630,000	-	687,359

Provisions relate to dilapidation obligations on office and retail space occupied by the Group together with provisions against unreturned refunds relating to customer bookings that were cancelled in the year ending 31 December 2020 and 2021, as a result of the Covid-19 pandemic, which are recorded in prepayments within debtors: amounts falling due within 1 year.

The dilapidation provisions have been calculated on the net present value of the anticipated cash outflows required at the end of each respective lease arrangement. Management used a discount rate of 4-6% in arriving at this provision.

The legal provision relates to a one-off case which arose in 2020 and relates to a contract dispute with the allowance for legal representation. The provision has been calculated based on professional advice and management's assessment of the case.

Provision against unreturned refunds in the prior year were calculated based on management's assessment and judgement of the financial strength of specific airlines and hoteliers. Where it was deemed that recoverability of amounts due was in doubt a provision has been recognised against this. These provisions were utilised and reversed in the year.

22. Called up share capital

	2022 £	2021 £
Shares classified as equity		
Allotted, called up and fully paid		
100,000 (2021: 100,000) Ordinary shares of £1.00 each	100,000	100,000

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. The shares do not confer any rights of redemption. All shares rank pari passu in respect of these rights and each share carries one vote.

Kirker Travel Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

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.

Cash flow hedging 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. 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 £73,762 (2021: £73,581). Contributions totalling £13,786 (2021: £11,670) were payable to the fund at the Balance Sheet date.

25. 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.