

Malvern Travel Limited

Report and Financial statements

Period ended

31 March 2017

Company Number 10049427

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Malvern Travel Limited

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Malvern Travel Limited

Company Information

Chairman	H Kimber
Chief financial officer	J McLaughlin
Chief operating officer	J Rigby
Chief Technical officer	J Ross
Directors	A Kerkar A Goenka H Kimber J McLaughlin (appointed 03 May 2017) J Rigby (appointed 03 May 2017) J Ross (appointed 3 May 2017)
Registered office	3 rd Floor, 30 Millbank London SW1P 4DV
Company number	10049427
Bankers	State Bank of India 15 King Street London EC2V 8EA Axis Bank Ltd DIFC Branch 701, Al Fattan Currency House Building,DIFC P.O. Box 506593 Dubai UAE
Auditor	BDO LLP 55 Baker Street London W1U 7EU

Malvern Travel Limited

Strategic report for the period ended 31 March 2017

Introduction

This is the first trading year of Malvern Travel Limited since its creation in March 2016 bringing together Superbreak Mini-Holidays Limited and Late Rooms Limited into one group. This report sets out the Group and Company's aims and strategies whilst also highlighting those aspects of the financial statements that best reflect the Group's progress and performance during the year.

This report has been prepared by the Directors in accordance with the requirements of Section 414 of the Companies Act 2006. The company's independent auditor is required by law to report on whether the information given in the Strategic report is consistent with the financial statements. The auditor's report is set out on pages 8 and 9.

Strategic & Operational Review

Malvern Travel Limited is the 100% owner of Late Rooms Limited and Superbreak Mini Holidays Limited. Malvern Travel was created in March 2016 and is 100% owned by Malvern Group Limited which is owned 49% by Cox & Kings and 51% by Adiuvat Investment fund.

LateRooms was founded in 1999 and previously owned by TUI prior to its acquisition by Cox and Kings in October 2015. The company specialises in hotel only post pay sales as a traditional online travel agent predominately serving UK consumer and corporate markets.

Late Rooms operates in a fast paced e-commerce environment and during the year has seen increased costs of acquiring paid traffic, as well as softening brand traffic. The company has responded by the delivery of a significant IT project "Rate Plans", which enables the Company to achieve a greater volume of hotel rooms from partners and includes functionality such as "App exclusive", "On the Day" and "Flash" sales which has been key to driving promotions within FY17.

Superbreak was founded in 1983 and was previously part of the Holidaybreak group, which was acquired by Cox & Kings in 2011. As the original short break specialist for the UK, it provides UK and overseas short breaks to UK customers.

The performance of Superbreak in FY17 reflects a difficult trading environment. Margins continue to be a challenge and the company has been impacted by a movement in the Euro rate during FY17. However, the company has addressed this through forward contracts taken out with a company which is part of the wider Cox and Kings Group and have access to forward contracts on behalf of the Company. The Company have also taken steps to protect and improve margin through a number of initiatives to increase the margins on premium packaged products.

Looking forward, Malvern Travel is embarking on a transformational change programme to position itself as the dominant provider of short trips for UK residents and incoming tourists. The company has relaunched the Superbreak brand to capitalise on its heritage as a short trip specialist with an integrated TV and digital campaign. There is also a strategic IT project underway utilising the web development capability of Late Rooms to create a single Malvern platform. The Malvern platform will support the financial objectives of the organisation by providing enhanced content management and social media sharing capability and will further support the UK short break proposition by advanced customer journey personalisation.

**Strategic report
for the period ended 31 March 2017**

Principal Activity

The principal activity of the company's within the Group continued to be that of a tour and travel operator and online hotel only provider.

Financial Review and Key Performance Indicators

Turnover

Turnover in the year was £100.3m. On an equivalent basis for the two businesses in the Group, turnover for the 12 months for the year ended 31 March 2016 was £123.2m. This reduction has come predominantly from the Late Rooms business and is in line with the strategy of the group for Late Rooms to focus on profit maximisation as opposed to revenue growth. There has also been some reduction in revenue in the Superbreak business due to the challenging trading environment in the travel industry in FY17 together with various terrorist attacks during the year affecting key destinations. However, as set out in the strategic review above, the Group intend to grow future revenues in Superbreak through an integrated TV and digital rebranding.

EBITDA

Earnings before interest, tax, depreciation, amortisation and separately identifiable items ('EBITDA') for the period was £8.3m compared to a comparable figure for the businesses in the group for the year ended 31 March 2016 of £4.8m and represents a 73% increase. A significant part of this increase has come from the Late Rooms business due to the change in strategy mentioned above and the reduction in offline marketing spend.

	£,000
Loss before tax	(4,573)
Add back:	
Exceptional costs	2,048
Depreciation and amortisation	8,151
Finance expense	<u>2,692</u>
EBITDA	8,318

Profit before tax

The loss before tax was £4,573k for the year which was in line with the directors expectations. This includes £2.0m of non-recurring exceptional costs which included restructuring costs and acquisition costs relating to the formation of the Malvern Group.

**Strategic report
for the period ended 31 March 2017**

Principal risks and uncertainties

We regularly review the risks faced by the company, including the social, environmental and ethical risks. The directors consider the major risks to delivering the company's strategy are those set out below:

Key Risk	Impact	Mitigation Strategy
Economic & Financial Condition	A prolonged economic downturn may lead to a reduction in levels of demand for our products and consequently impact Malvern Travel's earning and financial Position	The company's strategic focus continues to be late availability hotel rooms via Laterooms & flexible packaging through Superbreak. This mix of products across numerous customer segments and routes to markets provides us with trading resilience
Foreign Exchange and Interest rates	Fluctuating exchange rates will have financial implications for Malvern (both transaction and translation) and could impact the selling price of holidays and therefore impact customer demand for some of our products and services.	Forward contracts to purchase currency are agreed with a company in the wider Cox and Kings Group who have access to purchase forward contracts. The amount of forward purchases are based on budget estimates which are monitored monthly.
Major external events	A proportion of our business is exposed to external events such as a terrorist incident.	Our business has crisis management procedures in place to handle any external incidents to ensure any disruption is kept to a minimum. Our businesses offer a range of products across different destinations to reduce reliance on a particular market.
Brand Recognition	Both Superbreak and Late Rooms are reliant upon brand awareness to drive bookings.	Significant investment has been made within Superbreak; a re-branding project has recently been completed as well as plans for a national TV campaign. Continued investment in Late Rooms search and user experience to improve the customer journey.
Technological developments and industry changes	The Group operates in a fast paced and competitive e-commerce environment. If the Group is unable to keep up with technological developments there is a risk that future bookings and revenues will be impacted.	The Group has responded to these challenges by continuing to invest in technological developments and is a significant area of focus for our IT department who operate in a fast paced and agile manner and are continually reassessing development needs.
Talent Management	The Group's success depends upon its ability to retain key individuals and talent. If the Group is unable to attract and retain talent, build future leadership capability, the Group risks not maximising financial performance	The Group is currently delivering leadership development to all levels of management. There is an ongoing banding process to review staff remuneration, recruitment and organisational structure to ensure we have the right individuals in the right roles with a clear talent management and progression plan in place.

Malvern Travel Limited

**Strategic report
for the period ended 31 March 2017**

Cash flow and liquidity risk	The risk that trading performance underperformance, increased cost of debt and inefficient treasury management could lead to a reduction in liquidity and insufficient cash flow.	The Group manages liquidity risk through continuous monitoring of actual and forecast cash flows and maximising the working capital position. The Mavern Group has dedicated treasury resource managing the funds and liquidity across the whole group. In addition external financial support is available as referenced in note 2.
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Approval

This Strategic Report was approved for issue by the Board of Directors and signed on its behalf on

J. McLaughlin

John McLaughlin
Director

Malvern Travel Limited

Directors' report for the period ended 31 March 2017

The Directors whose names appear on the company information page were members of the Board at the time of approving the Directors' Report and hereby present their 2017 report with the financial statements for the period ended 31 March 2017.

Status and activities

The Company is registered in England and Wales with company number 10049427 and is domiciled in the United Kingdom.

The Group has its headquarters in the UK. The Group operates its undertakings through wholly owned subsidiary companies registered in the United Kingdom. The subsidiary undertakings affecting the Group's results and net assets are listed in Note 13 to the Financial Statements.

Activities and Business Review

The activities of the Group are that of a tour and travel operator focussing on experiential led short breaks and online accommodation only travel agent.

The Group's performance, activities during the period and future prospects are discussed in the Strategic Report as set out on pages 1 to 4.

The financial risk profile

The Group's financial instruments comprise cash and various items such as debtors and creditors that arise directly in the normal course of the Group's operations and in financing the Group's operations. The main risks impacting the Group's operations are summarised on page 2. Further details are given in Note 22 to the Financial Statements.

The risks and uncertainties facing the Company are regularly reviewed by the Board and Management.

Research and Development

The group continues to invest in research and development. Costs in respect of the time spent on developing the websites and systems have been capitalised in the balance sheet. The amount of development costs capitalised in the year was £6,292k.

Results and dividends

The Group's loss for the period after taxation was £4,274k. No dividends were declared or paid during the period under review.

Going concern

Based on its Management's own internal evaluation, as discussed further in note 2 on page 20, the Directors have a reasonable expectation that the Group has and had access to adequate financial resources to continue in operational existence for the foreseeable future. For these reasons, the financial statements of the Group have been prepared on a going concern basis.

Malvern Travel Limited

**Directors' report
for the period ended 31 March 2017**

Directors

Members of the Board who served as Directors throughout 2017 and to date, unless noted otherwise are:

A Kerkar
A Goenka
H Kimber
A Rodger (appointed 28 April 2016, resigned 31 May 2017)
D Neylon (appointed 28 April 2016, resigned 01 August 2016)

J McLaughlin (appointed 03 May 2017)
J Rigby (appointed 03 May 2017)
J Ross (appointed 3 May 2017)

The Directors' do not hold any interests in the ordinary shares of the Company as at 31 March 2017 and at the date of signing of this report.

Malvern Travel Limited

**Directors' report
for the period ended 31 March 2017**

Indemnities and insurance

The Company maintains Directors' and officers' liability insurance cover, to cover claims made against Directors and Officers of the Company, arising out of actions taken in relation to the Company's business.

Corporate governance

The Company is not listed on a recognised stock exchange and so its Directors are not required to comply with the Financial Reporting Council's UK Corporate Governance Code. However, in so far as is appropriate and practical having regard to the size and nature of the Company the Directors recognise the importance of complying with recognised Corporate Governance Standards.

Corporate responsibility

The Company places the highest priority on the health and safety of its employees, respect for the environment and active engagement with the local communities in which it operates.

Policy on payment to suppliers

Amounts due to suppliers and service providers are settled promptly within contractual terms, except in cases of dispute.

Employees

The Company's Board composition provides the platform for appropriate corporate governance and robust leadership in implementing the Company's strategies to meet its stated goals and objectives. The Group's employees and consultants play an integral part in executing its strategy and the overall success and sustainability of the organisation. The Group has a highly skilled and dedicated team of employees and consultants and places great emphasis on attracting and retaining quality staff. The Group holds its employees and consultants at all levels to high standards and expects the conduct of its employees to reflect mutual respect, tolerance of cultural differences, adherence to the corporate code of conduct and an ambition to excel in their various disciplines.

Disabled Employees

The policy of the Company is to give full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes and abilities. Whenever possible the Company continues to employ those employees who have become disabled. The Company makes arrangements for the training and career development of all disabled employees.

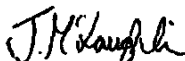
Independent Auditors

The Company appointed BDO LLP as auditors in the year and they have indicated their willingness to continue in office. A resolution to reappoint them will be submitted at the forthcoming Annual General Meeting.

Disclosure of information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

By order of the Board



**John McLaughlin
Director**

Malvern Travel Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Malvern Travel Limited

Independent auditor's report

We have audited the financial statements of Malvern Travel Limited for the period ended 31 March 2017 which comprise the Group Statement of Profit or Loss and Other Comprehensive Income, the Group and parent Company Statement of Financial Position, the Group and parent Company Statements of Cash Flows, the Group and parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) *Ethical Standards for Auditors*.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 March 2017 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Malvern Travel Limited

Independent auditor's report

Matters on which we are required to report by exception

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

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

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

BDO LLP

Dominic Stammers (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom 1/08/2017

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

Malvern Travel Limited

Consolidated statement of comprehensive income for the period ended 31 March 2017

	Note	2017 £'000
Revenue	4	100,319
Cost of sales		(55,578)
Gross profit		44,741
Distribution costs		(17,971)
Administrative expenses before exceptional costs		(26,603)
Exceptional costs	7	(2,048)
Administrative expenses		(28,651)
Loss from operations	5	(1,881)
Finance expense	8	(2,692)
Loss before tax		(4,573)
Tax credit	10	299
Loss for the period after tax		(4,274)
Other comprehensive income		-
Total comprehensive loss		(4,274)

All profit and comprehensive income is attributable to the owners of the parent company and relates to continuing operations.

The notes on pages 21 to 45 form part of these financial statements.

Malvern Travel Limited

Consolidated statement of financial position As at 31 March 2017

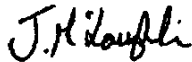
	Note	2017 £'000
Assets		
Non-current assets		
Property, plant and equipment	11	974
Intangible assets	12	34,009
Deferred tax asset	10	4,446
		<hr/>
		39,428
Current assets		
Trade and other receivables	14	17,710
Cash and cash equivalents	16	1,871
		<hr/>
		19,681
		<hr/>
Total assets		59,109
		<hr/>
Liabilities		
Current liabilities		
Trade and other payables	16	33,774
		<hr/>
		33,774
		<hr/>
Non-current liabilities		
Loans and borrowings	18	29,609
		<hr/>
		29,609
		<hr/>
Total liabilities		63,383
		<hr/>
NET ASSETS		(4,274)
		<hr/>

Malvern Travel Limited

Consolidated statement of financial position
As at 31 March 2017

	Note	2017 £'000
Issued capital and reserves attributable to owners of the parent		
Share capital	17	
Retained earnings	18	(4,274)
TOTAL EQUITY		(4,274)

The financial statements were approved and authorised for issue by the Board of Directors on 11/8/17 and were signed on its behalf by:



John McLaughlin
Director

The notes on pages 21 to 45 form part of these financial statements.

Malvern Travel Limited

Company statement of financial position As at 31 March 2017

	Note	2017 £'000
Assets		
Non-current assets		
Investments in subsidiaries	13	46,692
		<u>46,692</u>
Current assets		
Trade and other receivables	14	12,468
Cash and cash equivalents	16	77
		<u>12,545</u>
Total assets		<u>59,237</u>
Liabilities		
Current liabilities		
Trade and other payables	15	30,748
		<u>30,748</u>
Total liabilities		<u>30,748</u>
Non-current liabilities		
Loans and borrowings	19	29,609
		<u>(1,120)</u>
NET ASSETS		<u>(1,120)</u>
Issued capital and reserves attributable to owners of the parent		
Share capital	18	
Retained earnings	19	(1,120)
		<u>(1,120)</u>
TOTAL EQUITY		<u>(1,120)</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of profit or loss and other comprehensive income in these financial statements. The loss after tax of the parent company for the year was £1,120,000.

The financial statements were approved and authorised for issue by the Board of Directors on 1/8/17 and were signed on its behalf by:

J. McLaughlin

John McLaughlin
Director

The notes on pages 21 to 45 form part of these financial statement

Malvern Travel Limited

Consolidated statement of cash flows For the period ended 31 March 2017

	Note	2017 £'000
Cash flows from operating activities		
Loss for the period		(4,274)
Adjustments for:		
Amortisation of debt issue costs		672
Interest paid		2,020
Depreciation of property, plant and equipment		406
Amortisation of intangible fixed assets		7,745
Tax credit		(299)
		<hr/> 6,270
Decrease in trade and other receivables	14	21,587
Decrease in trade and other payables	15	(10,619)
		<hr/>
Net cash flows from operating activities		18,238
Investing activities		
Acquisition of subsidiary net of cash acquired	23	(38,668)
Purchases of property, plant and equipment	11	(101)
Purchase of intangibles	12	(6,292)
Loan made to related parties	25	(10,156)
		<hr/>
Net cash used in investing activities		(55,216)
Financing activities		
Debt issue costs	19	(3,083)
New bank loans	19	32,000
Interest paid		(2,020)
Loan from parent company		12,032
		<hr/>
Net cash from financing activities		38,949
Net increase in cash and cash equivalents		1,971
Cash and cash equivalents at beginning of the period		-
		<hr/>
Cash and cash equivalents at end of the period	16	1,971
		<hr/>

The notes on pages 21 to 45 form part of these financial statements.

Malvern Travel Limited

Company statement of cash flows For the period ended 31 March 2017

	Note	2017 £'000
Cash flows from operating activities		
Loss for the period		(1,120)
Adjustments for:		
Amortisation of debt issue costs		672
Interest paid		2,020
Decrease in trade and other payables	14	(2,704)
Cash generated from operations		(1,132)
Income taxes paid		-
Net cash flows from operating activities		(1,132)
Investing activities		
Loan made to related parties	25	(7,400)
Acquisition of fixed asset investment	23	(48,692)
Loan made to group undertaking		(2,313)
Net cash used in investing activities		(56,405)
Financing activities		
New bank loans	19	32,000
Debt issue costs	19	(3,063)
Interest paid		(1,848)
Loan from parent company		12,032
Loan from group undertaking		18,493
Net cash used in financing activities		57,614
Net increase in cash and cash equivalents		77
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	17	77

The notes on pages 21 to 45 form part of these financial statements.

Malvern Travel Limited

Consolidated statement of changes in equity For the period ended 31 March 2017

	Share capital £'000	Retained earnings £'000	Total Equity £'000
1 April 2016	-	-	-
Comprehensive loss for the period			
Loss	-	(4,274)	(4,274)
Total comprehensive loss for the period	-	(4,274)	(4,274)
Contributions by and distributions to owners			
Issued share capital	-	-	-
31 March 2017	-	(4,274)	(4,274)

The notes on pages 20 to 45 form part of these financial statements.

Malvern Travel Limited

Company statement of changes in equity For the period ended 31 March 2017

	Share capital £'000	Retained earnings £'000	Total Equity £'000
1 April 2016	-	-	-
Comprehensive loss for the period			
Loss	-	(1,120)	(1,120)
Total comprehensive loss for the period	-	(1,120)	(1,120)
Contributions by and distributions to owners			
Issued share capital	-	-	-
31 March 2017	-	(1,120)	(1,120)

The notes on pages 20 to 45 form part of these financial statements.

Malvern Travel Limited

**Notes forming part of the financial statements
For the period ended 31 March 2017**

1 General information

Malvern Travel Limited is a private company limited by shares and was incorporated on 7 March 2016. It is a company domiciled in England and Wales.

2 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied, unless otherwise stated.

The consolidated financial statements are presented in Sterling, which is also the Group's functional currency.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) as used by the European Union in force at the reporting date.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

New standards, interpretations and amendments not yet effective

New standards, interpretations and amendments effective from 7 March 2018. There were no new standards or interpretations effective for the first time for periods beginning on or after 7 March 2016 that had a significant effect on the Group's financial statements. None of the amendments to Standards that are effective from that date had a significant effect on the Group's financial statements.

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 9 – Financial Instruments (effective for accounting periods on or after 1 January 2018)
- IFRS 15 – Revenue from Contracts with Customers (effective for accounting periods on or after 1 January 2018)
- IFRS 16 – Leases (effective for accounting periods on or after 1 January 2019)
- Future amendments to existing standards – IAS 12, IAS 17, IFRS 2, IFRS 4, IFRIC 22 and IAS 40.

The directors have not yet fully evaluated the impact that IFRS 9, IFRS 15 or IFRS 16 standards will have on the financial statements of the Group.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that are held at fair value through profit or loss.

Malvern Travel Limited

**Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)**

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2017.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

There are no material differences between accounting policies of the subsidiaries and those of the Group.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Going concern

The directors have prepared detailed forecasts for the foreseeable future and are satisfied that the group will be able to operate within its current available facilities and available funding for a period of at least 12 months from the date of approval of these financial statements.

The Group has access to long term external funding facilities which can be made available in order to provide sufficient liquidity for the Companies within the group to meet their financial liabilities and meet day-to-day cash requirements. Furthermore, the Directors have received a letter of support from one of the Group's shareholders confirming its intention to provide financial support to the Group if needed.

Having considered the Group's forecast and projections for a period of at least twelve months from the signing of the financial statements and the available facilities and funding to the Malvern Group, as well as the ability of the Shareholder to provide financial support should it be needed, the Directors have concluded that the Group has adequate external resources to meet its liabilities for the foreseeable future and therefore the financial statements have been prepared on a going concern basis.

Malvern Travel Limited

**Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)**

2 Accounting policies (continued)

Revenue Recognition

Turnover represents the amounts receivable in the normal course of business from the Group's two trading businesses Superbreak and Laterooms.

Amounts received prior to the year end in respect of services to be rendered in the following year are deferred to the following year. Turnover is stated net of refunds, customer compensation and value added tax.

Superbreak

The turnover and pre-tax profit is wholly attributable to the business of tour and travel operations and arose in the UK. Turnover and expenses relating to holidays are taken to the statement of comprehensive income on holiday departure.

Laterooms

Turnover represents commission on hotel bookings as an agent and is recognised on the date of the customers stay. The Company has one class of business, namely acting as an online accommodation distribution service.

Exceptional costs

Exceptional items are transactions that are not within the ordinary activities of the group and as such, are presented separately due to their size or incidence.

Finance costs policy

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency transactions and balances

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the date of the consolidated statement of financial position are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. 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 translated at foreign exchange rates ruling at the dates the fair value was determined.

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)

2 Accounting policies (continued)

Tax

Income tax expense or credit comprises current and deferred tax.

Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognised for the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries that will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The carrying amounts of the Group's assets are reviewed at the date of each consolidated statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the asset. The estimated useful lives for the current and comparative periods are as follows:

Asset class	Depreciation method and rate
Leasehold improvements	- Straight line over the life of the lease
Fixtures and fittings	- 25% straight line method
Office and computer equipment	- 20-25% straight line method

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)

2 Accounting policies (continued)

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Internally generated intangible assets/capitalised development costs

Intangible assets related to internally generated intangible assets for website and mobile application development expenditure. Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated asset arising from the Company's website and mobile application development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probably future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the profit and loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Externally acquired intangibles are initially recognised at cost and subsequently amortised on a straight line basis over their useful economic lives as follows:

Asset class	Depreciation method and rate
Developed Technology	- 1 to 10 years straight line
Customer relationships	- 2 to 8 years straight line
Brand value	- 10 years straight line

Malvern Travel Limited

**Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)**

2 Accounting policies (continued)

Customer Relationships

The Group recognises an intangible in respect of customer relationships. The recoverable amount of customer relationships has been arrived at by preparing value in use calculations to calculate the present value of future cash flows based on the current trading profitability for the top customers. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and the useful economic life of the relationships.

Brand Value

The Group recognises an intangible in respect of the brand value of both Superbreak Mini-Holidays Limited and Laterooms Limited. The recoverable amount has been arrived at by preparing value in use calculations to calculate the present value of future cash flows based on the current trading profitability of both businesses. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and brand charge.

Malvern Travel Limited

**Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)**

2 Accounting policies (continued)

Amortisation

The charge in respect of periodic amortisation is derived by estimating the expected useful life of each asset and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced amortisation charge in the consolidated statement of comprehensive income.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Amortisation is charged to consolidated administrative expenses.

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Malvern Travel Limited

**Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)**

2 Accounting policies (continued)

Goodwill (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Investments

The parent company investment in subsidiary companies is held at cost less impairment as the fair value of these holdings cannot be measured reliably.

Any impairment charge is recognised in administrative expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one period or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one period or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Malvern Travel Limited

**Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)**

2 Accounting policies (continued)

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Leases

All leases held by the group are classified as operating leases. Rentals payable or receivable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Any benefits associated with the lease are recognised over the length of the lease.

Defined contribution pension obligation

The group operates a defined pension contribution scheme for employees in the United Kingdom. Contributions payable to the group's pension scheme are charged to the consolidated income statement in the period to which they relate.

Financial assets and liabilities

Classification

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Trade and other receivables that are short term in nature are stated at cost less any impairment provision.

Cash and cash equivalents represent bank balances and call deposits.

Financial liabilities include current borrowings and trade and other payables that are short term in nature and are stated at amortised cost.

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

Use of estimates and judgement

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

Information about such judgements and estimates is contained in the accounting policies and/or the notes to the consolidated financial statements. Areas of judgement that have the most significant effect on the accounts recognised in the consolidated financial statements:

Recoverability of internally-generated intangible assets

During the period, management considered the recoverability of its internally generated intangible assets of developed technology which is included in its balance sheet at £6.2m.

The various key projects continue to progress in a very satisfactory manner, and customer reaction has reconfirmed management's previous estimates of anticipated economic benefits from the projects.

Management are confident that the carried forward carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Identification and valuation of intangibles acquired in business combinations

Identifying and determining the fair value of intangibles acquired in business combinations requires estimation and judgement of the value of the cash flows related to the identified intangibles and a suitable discount rate in order to calculate the present value. As a result of this assessment, no intangibles other than goodwill have been recognised on acquisitions in the current and prior year. Judgement and estimation is also required in determining contingent consideration payable in respect of acquisitions.

Impairment of goodwill and other intangibles

Judgement is required as to whether there are any indicators of impairment in respect of intangible assets. For goodwill and where there are indicators of impairment in respect of other intangible assets management determine whether there is an impairment in the value of these assets. Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires an entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate net present value. Details of the impairment review are set out in note 11.

4 Revenue

All revenue earned by the group is in relation to the provision of services.

2017

United Kingdom

£'000

100,319

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 *(continued)*

5 Loss from operations

	2017 £'000
The operating profit is stated after charging:	
Depreciation and amortisation	8,151
Inventories recognised as an expense	3,988
Non audit services	10
Foreign exchange (gains)/losses	(537)
Operating lease expense	1,080
Auditors remuneration:	40
Parent company	10
- Audit of subsidiaries	30
- Non audit services	10

6 Exceptional costs

	2017 £'000
Acquisition costs	941
Restructuring costs	836
Relocation of finance team	63
Other	209
	<u>2,048</u>

7 Finance expense

	2017 £'000
Finance costs	
Interest paid on bank overdrafts and borrowings	2,020
Amortisation of debt issue costs	672
	<u>2,692</u>

8 Employee costs

	2017 £'000
The aggregate payroll costs (including director's remuneration) were as follows:	
Wages and salaries	13,105
Social security costs	1,039
Pension costs	616
	<u>14,760</u>

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)

8 Employee costs (continued)

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

	Number
Administration	357
Directors	4
	<hr/>
	361
	<hr/>

The company did not incur staff costs during the year. The average monthly number of employees in the company, including the directors, during the year was 3 and the staff costs are incurred by the parent company.

9 Directors' remuneration

The directors' remuneration for the period was as follows:

	2017 £'000
Remuneration (including benefits in kind)	433
Pension contributions	24
Compensation for loss of office	110
	<hr/>
Total directors' remuneration	567
	<hr/>

During the period the number of directors who were receiving benefits was as follows:

	Number
Accruing benefits under money purchase pension scheme	4
	<hr/>

In respect of the highest paid director.

Remuneration (including benefits in kind)	130
Payments to pension schemes	9
Compensation for loss of office	75
	<hr/>
	214
	<hr/>

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)

10 Taxation

	2017 £'000
<i>Current taxation</i>	
UK corporation tax	-
UK corporation tax adjustment to prior periods	-
	<hr/>
Total current tax	-
	<hr/>
<i>Deferred tax</i>	
Origination and reversal of temporary differences	(623)
Adjustments in respect of prior year	(68)
Arising from change in tax rates	292
	<hr/>
Total deferred tax credit	(299)
	<hr/>
Taxation on profit on ordinary activities	(299)
	<hr/>
<i>Factors affecting tax charge in the period</i>	
The tax on loss before tax for the period is the standard rate of corporation tax in the UK of 20%.	
	2017 £'000
Loss on ordinary activities before tax	(4,573)
	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%	(915)
	<hr/>
Effects of:	
Disallowable expenses	390
Fixed asset differences	29
Income not taxable	(27)
Decrease in deferred tax from adjustments for prior periods	(68)
Decrease in deferred tax from utilisation of brought fund losses	(68)
Increase in deferred tax due to changes in tax rates	292
	<hr/>
Total tax (credit) for period	(299)
	<hr/>

Malvern Travel Limited
Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)

10 Taxation (continued)

The Finance (No.2) Act 2015 introduced -a reduction in the main rate of corporation tax from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2020. These changes were enacted prior to the balance sheet date and accordingly deferred tax balances have been recognised at 20%.

Deferred tax

Group

Deferred tax assets and liabilities

The deferred taxation balance is made up as follows:

	2017 £'000
At start of the year	-
Accelerated capital allowances	7,538
Deferred tax liability arising on business combinations	(3,539)
Tax losses carried forward	147
Deferred tax credit for the year	299
	<hr/>
At 31 March 2017	4,445 <hr/>

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)

11 Property, plant and equipment

Group	Leasehold improvement £'000	Fixtures and fittings £'000	Office and computer equipment £'000	Total £'000
<i>Cost or valuation</i>				
At 1 April 2016	-	-	-	-
Acquisition of subsidiary	700	12	567	1,279
Additions	-	4	97	101
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	700	16	664	1,380
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2016	-	-	-	-
Charge for the period	147	7	252	406
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	147	7	252	406
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2017	553	9	412	974
	<hr/>	<hr/>	<hr/>	<hr/>

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)

12 Intangible assets						
Group	Goodwill	Developed Technology	Customer Relationships	Brand Value	Total	
	£'000	£'000	£'000	£'000	£'000	
Cost or valuation						
At 1 April 2016	-	-	-	-	-	
Acquisition of subsidiary	15,777	8,891	7,104	3,690	35,462	
Additions	-	6,292	-	-	6,292	
At 31 March 2017	15,777	15,183	7,104	3,690	41,754	
Amortisation						
At 1 April 2016	-	-	-	-	-	
Charge for the period	-	5,984	1,392	369	7,745	
At 31 March 2017	-	5,984	1,392	369	7,745	
Net book value						
At 31 March 2017	15,777	9,199	5,712	3,321	34,009	

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)

12 Intangible assets (continued)

Details of goodwill allocated to cash-generating units (CGUs) are as follows:

	£'000
Superbreak Mini-Holiday Group	11,905
Late Rooms Limited	3,872
	<hr/>
Goodwill	15,777
	<hr/>

Goodwill has been allocated to the internal CGU's which have been deemed to be the above legal entities acquired. Goodwill has been tested for impairment at 31 March 2017 by reference to the recoverable amount of the CGU.

No impairment has been provided for in the current year.

The recoverable amount of each CGU has been determined from value in use calculations based on cash flow projections from formally approved budgets covering a one year period to 31 March 2018 and then extrapolated to 2022 and in perpetuity thereafter.

Key assumptions included in the extrapolated projections are a discount rate of 18% for both CGU's and growth rates of 0% for Late Rooms Limited and 4% for Superbreak Mini-Holiday Group.

The value in use calculations uses a pre tax discount rate which has been derived from a post tax discount rate of 18% based on the Group's weighted average cost of capital. The growth rate and inflation have been based on independent economic data and reflect management's assessment of specific risks related to the CGU's, specifically in the geographic regions and market acquisitions made in the current year.

The actual total recoverable amounts for the appropriate CGU's exceed the carrying value by £3.6m (Superbreak £2.8m, Laterooms £0.9m).

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 *(continued)*

13 Investments

Group subsidiaries

Details of the group subsidiaries as at 31 March 2017 are as follows:

Name of subsidiary	Principal activity	Proportion of ownership interest and voting rights
Late Rooms Limited	Online accommodation distribution service	100%
Hotels London Limited	Online accommodation distribution service	100%
Superbreak Mini Holidays Group Limited	Tour and travel operations	100%
Superbreak Mini-Holidays Transport Limited	Tour and travel operations	100%
Superbreak Mini-Holidays Limited	Tour and travel operations	100%
Summary of company investments		2017 £
Investments in subsidiaries		46,694
Subsidiaries		<hr/>
<i>Cost or valuation</i>		
On incorporation		
Additions		46,694
		<hr/>
<i>Carrying amount</i>		
At 31 March 2017		46,694
		<hr/>

The registered office of Late Rooms Limited is The Peninsula Building, Victoria Place, Manchester, United Kingdom, M4 4FB.

The registered office of Hotels London is 6th Floor 30 Millbank, London, United Kingdom, SW1P 4DU.

The registered office of the remainder of the subsidiary undertakings is Eboracum Way, Heworth Green, York, Yorkshire, YO31 7RE.

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act:

Hotels London Limited
Superbreak Mini Holidays Group Limited

Malvern Travel Limited

Notes forming part of the financial statements
for the period ended 31 March 2017 (continued)

14 Trade and other receivables	Group 2017 £'000	Company 2017 £'000
Trade receivables	3,251	-
Receivables from related parties	10,155	10,155
Receivables from group undertakings	-	2,313
Prepayments	4,304	-
Total current trade and other receivables	17,710	12,468

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the financial instruments note 21.

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in note 22.

15 Trade and other payables	Group 2017 £'000	Company 2017 £'000
Trade payables	8,628	-
Other payables	1,828	-
Accrued expenses	1,442	202
Amounts due to related parties	518	20
Amounts due to group undertakings	-	18,494
Amounts due to parent company	12,032	12,032
Social security and other taxes	1,146	-
Deferred income	8,180	-
Total trade and other payables	33,774	30,748

The group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 22.

All amounts owed to the parent company or group undertakings are interest free and repayable on demand.

16 Cash and cash equivalents	Group 2017 £'000	Company 2017 £'000
Cash at bank and in hand	1,971	77
Cash and cash equivalents in statement of cash flows	1,971	77

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 *(continued)*

17 Share capital

	2017 Number	2017 £'000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	-

18 Reserves

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

Retained earnings

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)

19 Loans and borrowings

	Group 2017 £'000	Company 2017 £'000
Loans	32,000	32,000
Debt issue costs	(2,391)	(2,391)
	<u>29,609</u>	<u>29,609</u>

Maturity of debt:

	Bank loan Repayment 2017 £
In one year or less, or on demand	3,200
In more than one year but not more than two years	4,096
In more than two years but not more than five years	16,992
In more than five years	7,712
	<u>32,000</u>

20 Obligations under leases and hire purchase contracts

Group

Operating leases

The total future value of minimum lease payments is as follows:

Land and buildings	2017 £'000
Within one year	1,029
In two to five years	2,765
In over five years	288
	<u>4,082</u>
Other	2017 £'000
Within one year	909
In two to five years	2,052
	<u>2,961</u>

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)

21 Financial instruments

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. Management monitors the return on capital on a regular basis. The Directors recognise this is an area where specific policies may require to be developed should the Group be exposed to wider financial risks as the business develops.

The Financial assets for both the Group and Company comprise cash and cash equivalents and Trade receivables. The financial liabilities for both the Group and the Company comprise short-term overdrafts, trade and other creditors.

Trade and other receivables and payables have varying remaining lives; however, their carrying value represents a close approximation to fair value.

Cash and cash equivalents are all readily available and therefore their carrying value represents a close approximation to fair values.

Financial instruments by category

Financial Assets – Group

	Loans and receivables 2017 £'000
Cash and cash equivalents	1,971
Trade receivables	3,251
Amounts due to related parties	518
Total Financial Assets	5,740

Financial Assets – Company

	Loans and receivables 2017 £'000
Receivables from group undertakings	12,468
Total Financial Assets	12,468

Amounts overdue which have been provided for within the above total £50k. All other amounts are considered to be recoverable. The bad debt credit recognised in the statement of comprehensive income for the period ending 31 March 2017 totals £85k.

Malvern Travel Limited

**Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)**

22 Financial risk management and impairment of financial assets

Company

Exposure to interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates and interest rates. However the group has access to hedging instruments through the wider group to protect against currency risks.

The Group's policy is to retain its surplus funds on short-term deposits, usually between one week and three months duration, at prevailing market rates. Credit risk is managed by ensuring that surplus funds are only deposited with financial institutions of high quality credit standing.

Credit risk and impairment

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Group's credit risk is attributable to cash and trade receivables. The credit risk on cash is limited because the Group invests its cash in deposits with well-capitalised financial institutions with strong credit ratings. The group also considers credit risk of new customers before offering credit terms.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises two main types of risk: currency risk and interest risk. An assessment of the group's exposure is given below.

Foreign exchange risk

Transactional foreign currency exposures arise from the cost of foreign hotels and other supplies being settled in currencies other than Pounds Sterling. The group has access to forward contracts contracted with the wider Cox and Kings Group to minimise this risk.

At the period-end, the majority of the Group's cash resources were held in sterling to reduce the risks associated with exchange rate fluctuations.

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)

22 Financial risk management and impairment of financial assets (continued)

Sensitivity analysis

The table below shows an analysis of cash and cash equivalents denominated by currency:

Cash held by group	2017 £'000
Pounds sterling	1,840
US Dollars	32
Euros	34
Others	65
Total	1,971

A 10% reduction in the value of exchange rates used since the year end would have negligible impact as the majority of cash held is maintained in sterling.

Fair values

It is the Board's opinion that the carrying values of the cash and cash equivalents, the other receivables, all trade and other payables, current and non-current borrowings and investments in the consolidated statement of financial position represent their fair values.

Malvern Travel Limited

**Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)**

22 Financial risk management and impairment of financial assets (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Treasury activities take place under procedures and policies approved and monitored by the Board to minimise the financial risk faced by the Group. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. The Group is not exposed to any significant interest rate risk as the amount of interest receivable is insignificant and the majority of the interest rate in respect of the Group's borrowings is at a fixed rate of interest.

Liquidity risk

The Group and Company manages its liquidity requirements by using both short and long-term cash flow projections. Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group has access to long term external funding facilities which can be made available in order to provide sufficient liquidity for the Companies within the group to meet their financial liabilities and meet day-to-day cash requirements. Furthermore, the Directors have received a letter of support from one of the Group's shareholders confirming its intention to provide financial support to the Group if needed.

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)

23 Business combinations during the period

On 23 March 2016 the Group acquired 100% of the voting equity instruments of the following companies:

- Late Rooms Limited;
 - Hotels London Limited;
- Superbreak Mini Holidays Group Limited;
 - Superbreak Mini-Holidays Transport Limited;
 - Superbreak Mini-Holidays Limited.

Acquisition costs of £941k arose as a result of the transaction. These have been recognised in administrative expenses in the statement of comprehensive income.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

Fair value of identifiable assets and liabilities

	Late Rooms Limited £'000	Superbreak Mini-Holidays £'000	Total £'000
Working capital	(937)	6,742	5,805
Fixed assets	885	394	1,279
Intangible assets	11,224	8,461	19,685
Deferred tax	4,956	(810)	4,146
Total	16,128	14,787	30,915

Purchase consideration

	Late Rooms Limited £'000	Superbreak Mini-Holidays £'000	Total £'000
Cash consideration	20,000	26,692	46,692
Cash acquired	454	7,570	8,024
Total cash outflow	19,546	19,122	38,668

Goodwill

	Late Rooms Limited £	Superbreak Mini-Holidays £	Total £
Goodwill (note 12)	3,872	11,905	15,777

Malvern Travel Limited

Notes forming part of the financial statements
For the period ended 31 March 2017 (continued)

24 Related party transactions

Transactions with directors

During the year the Group did not enter into any transactions with Directors other than Directors emoluments as given in note 9.

Other related party transactions

During the period, the Group entered into the following transactions with related parties which are subsidiaries of Cox and Kings Limited. Cox and Kings holds a 49% shareholding in Malvern Group Limited:

2017	Sale of goods during the period	Amounts owed at the period end	Related party Loan balances
	£	£	£
Cox & Kings UK Ltd	4,276	86	-
Cox & Kings India Ltd	81	8	-
Cox & Kings Dubai	2,754,114	2,754,114	-
Prometheon Enterprises Ltd	-	-	7,400,000
Tempo Holidays Pty Ltd	817	-	-
Other	-	431	-
Total	2,759,888	2,755,472	7,400,000

2017	Purchase of goods during the period	Amounts owed at the period end
	£	£
Cox & Kings UK Ltd	1,914,514	234,078
Holidaybreak Ltd	-	265,316
Cox & Kings India Ltd	18,357	18,357
Total	1,932,871	517,751

25 Ultimate parent company

Malvern Travel is a wholly owned UK subsidiary of Malvern Group Limited, a company incorporated in England and Wales.

The ultimate controlling party is Aduvat Investment fund by virtue of its 51% shareholding in Malvern Group Limited. Aduvat Investment fund, which is incorporated in Cayman Islands, is the largest Group in which the results of the Company are consolidated. The remaining 49% shareholding is held by Cox & Kings Limited. Copies of Cox & Kings Limited consolidated financial statements can be obtained from the Company Secretary at 1st Floor, Turner Morrison Building, 16 Bank Street, Fort, Mumbai-400 001.