

**Company registration number: 03190720**

**Audley Travel Group Limited**

**Annual report and financial statements**

**for the year ended 31 December 2020**



**Audley Travel Group Limited**  
**Annual report and financial statements for the year ended 31 December 2020**

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## **Audley Travel Group Limited**

**Annual report and financial statements for the year ended 31 December 2020**

### **Officers and professional advisers**

#### **Directors**

M Hanson

N Longman

D Montgomery (appointed on 15 January 2021)

D Phillips (appointed on 31 January 2021)

R Prosser

N Steinmeyer (resigned on 31 January 2021)

#### **Secretary**

S Patel

#### **Registered office**

New Mill

New Mill Lane

Witney

Oxfordshire

OX29 9SX

#### **Independent auditors**

PricewaterhouseCoopers LLP

3 Forbury Place

23 Forbury Road

Reading

Berkshire

RG1 3JH

# **Audley Travel Group Limited**

## **Annual report and financial statements for the year ended 31 December 2020**

### **Strategic report**

The directors present their strategic report on the company for the year ended 31 December 2020.

#### **Principal activities**

The principal activity of the company continued to be that of a tailor-made tour operator.

#### **Review and results for the year**

The start of 2020 was a successful period of continued strong growth for the company. However by March 2020, the Covid-19 pandemic started to significantly impact international travel and rapidly led to the majority of clients being unable to travel. Whilst some travel has been possible as the year progressed the majority of trips have been postponed or credit notes and refunds issued. In order to reduce the company's cash outflow we took advantage of the available furlough scheme and also made a number of redundancies. In order to continue to provide our clients with the high level of service expected of us and to ensure we are top of mind when travel is possible again, we established a dedicated service team to keep clients with existing bookings up to date with unfolding events and to help them decide on the best course of action to take. The majority of clients are still keen to travel and have postponed their trips to periods when travel is expected to return.

During the period impacted by the crisis, the company has continued to invest in product and technology. Product is the collective term given to our accommodation, experience and travel offering to clients. Working with our destination partners we have been further developing inspiring travel experiences, in particular with a focus on short-haul travel from the UK, recognising client's changing travel preferences as we emerge from this crisis. We have also accelerated the implementation of a new reservation system. This brings the business many efficiencies both in terms of our internal business, as well as how clients can interact with us.

The loss for the year was £15.9m (2019: profit £25.0m). Adjusted earnings before financing, taxation, depreciation, amortisation costs and operating exceptional items (adjusted EBITDA) for the year was a profit of £1.6m (2019: profit £34.6m). Exceptional items included £16.7m relating to the Covid-19 crisis including the costs of employees who's roles were diverted to supporting clients through this period as well as the costs of cancelling trips with suppliers, repatriating clients and taking actions to manage the business through the crisis.

Our parent companies' lenders and shareholders have remained very supportive of the business throughout this period.

The company carefully monitors its liquidity and the availability of financing and cash resources, closing 2020 with £34.5m (2019: £67.7m) of cash (including restricted cash – see note 15). Throughout 2020, the company worked closely with the Civil Aviation Authority (CAA) in order to meet their requirements for Audley Travel Group Limited.

#### **Financial performance**

The key financial performance indicators are as follows:

	2020	2019
Revenue from contracts with customers	£69.0m	£245.0m
Adjusted EBITDA (note 6)	£1.6m	£34.6m

During 2020, the company's key performance indicators were severely impacted by global travel bans related to the Covid-19 pandemic. During this period an additional focus has been placed on the company's liquidity. The company's parent company has continued to provide on-going financial support paying down intercompany balances and making regular cash loans to enable the company to meet its liquidity and client money coverage targets agreed with the CAA.

# **Audley Travel Group Limited**

## **Annual report and financial statements for the year ended 31 December 2020**

### **Strategic report (continued)**

#### **Principal risks and uncertainties**

##### ***Market risk***

The company is reliant on the desire of the UK population to take long-haul tailor-made holidays. Whilst the breadth of travel choices offered is a key element of the board's strategic plan to mitigate the risk of exposure to a single destination, the market in 2020 was severely affected by the impact of the global pandemic which was beyond any expectations. The directors focus has therefore been to continue to monitor cost levels and customer service to ensure that an adequate return will be achieved and that the future performance of the business is sustainable once travel resumes.

The company continues to provide a high-quality service throughout the pandemic period and is continually reviewing the range of destinations and experiences it offers to meet the changing market demands. The company assesses the impact of a general economic slowdown in its source markets, particularly with regard to the impact of the extended travel restrictions linked to the Covid-19 pandemic (as explained in the directors' report).

##### **Financial risk management**

The company's activities expose it to a variety of financial risks: financial risk, liquidity risk, foreign exchange risk and credit risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

##### ***Financial risk***

The company's principal financial instruments are forward foreign exchange contracts, trade payables and trade receivables. The main purpose of these financial instruments is to maintain funds for the company's operations.

Exposure to price risk is limited by the financial instruments used by the company. The company's approach to managing other risks applicable to the financial instruments is shown below.

##### ***Liquidity risk***

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of current accounts, deposit accounts and money market facilities. The company works with merchant acquiring banks to support the collection of payments from clients.

With the ongoing support of its immediate parent company, Boketto Bidco Limited, the company has met its financial targets as agreed with the CAA throughout 2020 and is forecast to remain compliant for the next twelve months, although extended travel restrictions linked to the Covid-19 pandemic have an impact as explained in the directors' report.

##### ***Foreign exchange risk***

The company has exposure to currency movements due to timing of payments to suppliers in foreign currencies. The Boketto Holdco group (of which this company is a part) uses foreign currency derivatives to hedge its exposure to foreign currency risk. Under the group's policy the terms of the derivatives must align with the hedged items.

##### ***Credit risk***

The company's principal financial assets are cash and trade receivables.

The company does not have significant credit risk. All amounts due from customers must be settled prior to departure, minimising exposure to credit risk and all cash is held by banks with high credit ratings assigned by international credit rating agencies.

# **Audley Travel Group Limited**

## **Annual report and financial statements for the year ended 31 December 2020**

### **Strategic report (continued)**

#### **Directors' duties under s172(1)**

The directors of the company must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 and include a duty to promote the success of the company for the benefit of its members as a whole.

The directors fulfil these duties in the following ways:

#### ***Risk management***

The company operates in a continually changing external environment and its activities therein expose it to certain key risks. As the company continues to grow, the approach to identifying and mitigating risk continues to evolve. The Boketto Holdco group maintains a risk register which is continually updated and is formally reviewed by the company's board of directors twice a year.

Details of our principal risks and uncertainties, and how these are specifically managed, appear earlier in this report.

#### ***Our employees***

The directors believe our employees are crucial to the success of the company's business. They are firm believers that the more our employees keep their spirit and individuality, and the more engaged they are, the better they serve our customers.

For further details on our employees, and how their interests are regarded, please see page 8.

#### ***Business relationships***

The company's strategy is rooted in organic growth, driven by selling more tailor-made holidays to our repeat clients and to new clients coming to us through recommendations.

We strive to maintain a strong relationship with our clients before, during and after their travels. In support of this strategy, we continue to work alongside our suppliers to develop new product offerings that reflect feedback received from our customers. Client satisfaction questionnaire scores are a key performance indicator used by the board. Our client engagement team focus on delivering excellent client service, by way of ongoing communication, for example through our seasonal Traveller magazine and through client events.

Our relationship with suppliers is key to both our and their success. Our product team build and maintain these relationships, working collaboratively to continually develop new product offerings and unique experiences to offer to our clients. Priority is given to the client experience during their trip to ensure it is the best possible whether facilitated by airlines, hotels, guides, transfer or excursion providers.

During the Covid-19 pandemic the company has continued to focus on these business relationships, retaining staff to maintain close communication with clients as they curtailed, cancelled and rebooked trips as well as rapidly supporting and repatriating clients at the start of the crisis. The relationships with suppliers have remained strong with clear and open communication critical as both parties prepare for travel to restart.

#### ***Community and environment***

The directors believe it is the company's responsibility to empower our clients, suppliers and employees to travel in the right way. We refer to this as Responsible Travel and try to achieve this through our policies on animal encounters; child welfare; and carbon offsetting, all of which are available on the Audley website.

In addition, the directors believe that a key part of Responsible Travel involves giving something back. The company actively supports a number of social and environmental charities and projects around the world and in the local communities surrounding our offices. This is achieved through donations, including fundraising by Audley staff, and volunteer work.

SECR reporting requirements have been disclosed in the consolidated financial statements of the company's ultimate parent company, Boketto Holdco Limited.

**Audley Travel Group Limited**  
**Annual report and financial statements for the year ended 31 December 2020**

**Strategic report (continued)**

**Directors' duties under s172(1) (continued)**

***Business conduct***

As a regulated travel business, the company's general counsel attends all board meetings as company secretary and works closely with travel lawyers in the UK to ensure the board is aware of the relevant licencing requirements and good business practice. The board is committed to ensuring good business practice throughout the business and drives this both through the risk management process described above, by carrying out regular functional reviews, and by commissioning external experts to review compliance with new rules and regulations.

***Shareholders***

The directors are committed to engaging openly and fairly with its shareholder, Boketto Bidco Limited.

***Regulators***

The key travel regulator for the company is considered to be the CAA who regulate the UK business. The monthly management information provided to lenders is also made available to the CAA. In addition, management hold a monthly call with the CAA in which the latest management information is discussed. These monthly calls enable the company to get feedback from the CAA which is factored in to board decision making. Clear and regular communication has continued with the CAA throughout the period impacted by the Covid-19 crisis.

***Key decisions***

During 2020, with the impact of the Covid-19 pandemic limiting the ability of the company's clients to travel, an increased focus was placed on the company's liquidity. Appropriate actions were taken to manage the liquidity with reference to the company's employees, suppliers, clients, lenders and shareholders.

An employee consultative forum was created to support decisions required to made by the board to reduce employee numbers and costs during the crisis period. Regular feedback was received from clients as processes were established to support clients postponing or cancelling their trips. Consistently strong feedback was received from clients reflecting the resources dedicated by Audley to look after clients during the pandemic. The board worked closely with its immediate parent company, Boketto Bidco Limited, to ensure that adequate working capital has been made available to the business through the pandemic crisis and is available to fund the period to the full restart of travel. The board approved a budget for 2021 and updated its long term plan. In assessing these plans the board were looking to build the business back up to its 2019 levels, deliver long term return for shareholders whilst maintaining the high level of client experience, provide access to an ever increasing depth of product (including an expansion of European product), provide a framework for Responsible Travel and recognise the importance of high employee satisfaction.

The board also decided to continue investing in "best in class" digital technologies, to further enhance the client engagement and booking experience and to provide employees with the best tools with which to continue to provide a high quality service to clients.

Approved by the board of directors and signed on behalf of the board on 30 March 2021.



D Phillips  
Director

# **Audley Travel Group Limited**

## **Annual report and financial statements for the year ended 31 December 2020**

### **Directors' report**

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditors' report, for the year ended 31 December 2020.

#### **Going concern**

Taking into account the trading of the Boketto Holdco group, the directors have a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future, being at least twelve months from the date the financial statements are approved. Therefore, they have adopted the going concern basis in preparing these financial statements. In concluding on going concern the directors have taken account of the following points.

The parent company uses external debt financing as part of a balanced capital structure. The payments of capital and interest on external senior debt facilities by the parent companies are funded by intercompany loans from the company.

The Boketto Holdco group headed by Boketto Holdco Limited, the company's ultimate parent, also has long term debt finance provided by shareholders. The interest on external shareholder notes and capital balances have no scheduled cash payment in the normal course of operations prior to 2025. On 6 November 2020, the Boketto Holdco group completed a refinancing in which it increased its shareholder borrowing to provide adequate funding to enable the Boketto Holdco group to meet its liquidity and other stakeholder funding covenants and commitments during the period until the impact of the Covid-19 pandemic is forecast to reduce, and travel resumes. On the same day, agreements with senior lenders were revised to reflect the impact of the pandemic and support the business.

Monthly and quarterly cash flow forecasts have been prepared for the business to the end of 2023 with further projections to the end of 2025. These cash flows have been prepared on the basis of ongoing operation of key suppliers such as ground handling agents, airlines and merchant acquirers. They demonstrate that all liabilities of the business are met in accordance with contractual terms.

The operation of key suppliers is important and changes to them might be impacted by the speed of return to travel. Merchant acquirers are reacting to the heightened uncertainty in global travel markets by increasing their requirements for security from merchants. The company is looking to mitigate the potential impact of this on its ability to process credit and debit card receipts in a timely manner through the use of multiple merchant acquirers across its source markets by Q3 2021.

The uncertainty as to the speed of the removal of travel restrictions relating to the Covid-19 outbreak has been considered as part of the company's adoption of the going concern basis. These restrictions have had a significant impact on the business since March 2020. The company continues to postpone holidays and, while the uncertainty over the lifting of restrictions remains, it is achieving lower levels of new bookings for future holidays than historic levels. It is anticipated that there will be a further period where travel will be impacted. Whilst the accelerated roll out of vaccines are expected to have a very positive impact, it is difficult to predict the length of time and extent to which travel will be impacted. The company and wider the Boketto Holdco group have prepared forecasts to model scenarios which forecast travel restarting at different times during the second half of 2021, returning to historic levels of trade by March 2022, which show the company to be a going concern. These forecasts show that the Boketto Holdco group does not require any additional funding from its lenders or shareholders. In a more extreme downside scenario, such as a slower rate of recovery or delayed return to travel to Q4 of 2021, the directors reasonably anticipate the ongoing support of the company's and Boketto Holdco group's shareholders, lenders and the CAA during this period. This reasonable expectation on the part of the directors is consistent with the support received during 2020 noted above.

If travel were restricted significantly more than the already slow recovery assumed in the company's cash flow forecasts or the company's cash flows are disrupted by changes at key suppliers, the Boketto Holdco group may need to seek additional funds from lenders or shareholders during Q4 2021 to allow the company to continue to trade. This support is not formally agreed, though the directors reasonably expect the ongoing support as explained above.

This indicates there is a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.



# **Audley Travel Group Limited**

## **Annual report and financial statements for the year ended 31 December 2020**

### **Directors' report (continued)**

#### **Future developments**

The strategy of the company remains focused on a strong recovery to historic levels of revenue, growth and profitability to take advantage of the expected opportunities for the company in the years following a return to travel following the Covid-19 pandemic crisis. This recovery is augmented by new product offerings around the world, most significantly in Europe. Investment continues in the back-office platform to support the expansion. The directors believe that due to the company's unique and varied product, the profile of the customer base and the enhanced operational capability, the outlook remains positive.

#### **Branches outside the UK**

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

#### **Dividends**

The results for the year are shown in the statement of comprehensive income on page 13. No dividend was paid during the year (2019: £10.0m). The directors do not recommend the payment of a final dividend (2019: £nil)

#### **Directors and officers**

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

M Hanson

N Longman

D Montgomery (appointed on 15 January 2021)

D Phillips (appointed on 31 January 2021)

R Prosser

N Steinmeyer (resigned on 31 January 2021)

The company secretary is S Patel.

#### **Directors' indemnities**

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **Research and development**

Given the nature of the business as a tour operator, the company does not engage in significant research and development activities. The company does however invest in developing systems that support the business' key operations. All such expenditure has been capitalised.

#### **Political and charitable contributions**

The company made charitable donations amounting to £20k to various international registered charities during the year (2019: £56k). The group made no political donations nor incurred any political expenditure during the year (2019: £nil).

#### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

## **Audley Travel Group Limited**

### **Annual report and financial statements for the year ended 31 December 2020**

#### **Directors' report (continued)**

##### **Employee consultation**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal communication channels. Monthly face to face meetings in each offices, led by the company's CEO, Group Executive Board (GEB) and members of the leadership team have been held remotely during the Covid-19 pandemic period with regular (often weekly) video blogs from the CEO to keep employees updated. In addition to these there is a monthly online interactive newsletter focused on our business news including an introduction and 'a word from' our CEO and GEB members. Each of these communication forums/channels gives our people the opportunity to ask questions, respond to polls and surveys and feedback their views on content.

Leadership calls are held every quarter and are delivered by the CEO and HR Director to keep the leaders of the business informed and engaged in the company's strategic initiatives and change programmes.

Employee feedback is communicated by GEB members including the group's HR Director to the group's board. The level of staff attrition and employee engagement are monitored closely by the board and are key inputs to its decision making. In addition, to support board decision making, an employee consultative forum was created in April 2020 in the UK to support employee related decisions required to made by the board during the crisis period and to facilitate formal communication on these topics with employees.

##### **Principal risks and uncertainties**

The principal risks and uncertainties facing the company are discussed in the strategic report on page 3.

##### **Statement of directors' responsibilities in respect of the financial statements**

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

## **Audley Travel Group Limited**

### **Annual report and financial statements for the year ended 31 December 2020**

#### **Directors' report (continued)**

##### **Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

##### **Matters covered in the strategic report**

Disclosure of the company's business review and financial risk management are provided in the strategic report.

Approved by the board of directors and signed on behalf of the board.



D Phillips  
Director

30 March 2021

# Independent auditors' report to the members of Audley Travel Group Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Audley Travel Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2020; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.5 to the financial statements concerning the company's ability to continue as a going concern. As a result of the continuing Covid-19 pandemic, there are currently global travel restrictions imposed by governments impacting the travel industry. The company continues to postpone holidays and, while the uncertainty over the lifting of restrictions remains, it is achieving lower levels of new bookings for future holidays than historic levels. There is uncertainty as to the time period and rate at which the global travel will return to historic levels, the level of change at key suppliers, the level of support of lenders or shareholders of the Boketto Holdco group, if required, and the overall impact this will have on the company during the next 12 months from the date of the signing of the financial statements. These conditions, along with the other matters explained in note 2.5 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# Independent auditors' report to the members of Audley Travel Group Limited (continued)

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic report and Director's report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Director's report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Director's report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

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

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

### Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Company's Air Travel Organiser's License, data protection requirements

## Independent auditors' report to the members of Audley Travel Group Limited (continued)

in the jurisdictions in which the Company operates and holds data, tax legislation and employment regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, either in the underlying books and records and management bias in accounting estimates. Audit procedures performed included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in its significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We focused on the valuation of supplier accruals, the recoverability of prepayments and the capitalisation of internally generated intangibles;
- Testing all material consolidation adjustments to ensure these were appropriate in nature and magnitude

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

### Use of this report

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

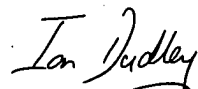
## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Ian Dudley (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
30 March 2021

## Audley Travel Group Limited

### Annual report and financial statements for the year ended 31 December 2020

#### Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	4	69,004	245,005
Cost of sales		(69,883)	(190,093)
<b>Gross (loss) / profit</b>		<b>(879)</b>	<b>54,912</b>
Administrative expenses		(27,830)	(33,578)
Other operating income	5	7,626	4,889
<b>Operating (loss) / profit</b>	5	<b>(21,083)</b>	<b>26,223</b>
Finance income	8	2,749	2,801
Finance expenses	9	(778)	(656)
<b>Net finance income</b>		<b>1,971</b>	<b>2,145</b>
<b>(Loss) / profit before taxation</b>		<b>(19,112)</b>	<b>28,368</b>
Tax on (loss) / profit	10	3,221	(3,380)
<b>(Loss) / profit for the financial year</b>		<b>(15,891)</b>	<b>24,988</b>
<b>Other comprehensive income / (expense)</b>			
Hedging gains / (losses)	22	738	(3,676)
Taxation on hedging gains / (losses)	22	173	625
<b>Total other comprehensive income / (expense) for the year, net of taxation</b>		<b>911</b>	<b>(3,051)</b>
<b>Total comprehensive (expense) / income for the year</b>		<b>(14,980)</b>	<b>21,937</b>

All results are derived from continuing operations.

The total comprehensive expense for the year is all attributable to the owners of the parent company.

The notes on pages 17 to 37 form an integral part of these financial statements.

**Audley Travel Group Limited****Annual report and financial statements for the year ended 31 December 2020****Statement of financial position  
as at 31 December 2020**

	<b>Note</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Non-current assets</b>			
Intangible assets	<b>11</b>	9,677	4,970
Property, plant and equipment	<b>12</b>	3,821	6,958
Investments	<b>13</b>	-	-
Restricted cash	<b>15</b>	10,000	15,000
		<b>23,498</b>	<b>26,928</b>
<b>Current assets</b>			
Trade and other receivables	<b>14</b>	66,112	98,027
Derivative financial assets	<b>16</b>	1,183	269
Cash and cash equivalents	<b>15</b>	24,450	52,682
Current tax asset		2,937	-
Deferred tax assets	<b>20</b>	385	310
		<b>95,067</b>	<b>151,288</b>
<b>Total assets</b>		<b>118,565</b>	<b>178,216</b>



# Audley Travel Group Limited

Annual report and financial statements for the year ended 31 December 2020

## Statement of financial position as at 31 December 2020 (continued)

	Note	2020 £'000	2019 £'000
<b>Current liabilities</b>			
Trade and other payables	17	8,993	7,592
Contract liabilities	18	34,947	88,550
Derivative financial liabilities	16	2,196	1,934
Current tax liability	17	-	1,320
Borrowings	19	2,023	1,547
		<u>48,159</u>	<u>100,943</u>
<b>Non-current liabilities</b>			
Contract liabilities	18	10,852	1,623
Borrowings	19	2,436	3,667
		<u>13,288</u>	<u>5,290</u>
<b>Total liabilities</b>		<u>61,447</u>	<u>106,233</u>
<b>Net assets</b>		<u>57,118</u>	<u>71,983</u>
<b>Equity</b>			
Share capital and share premium	21	166	166
Capital contribution reserve	22	1,300	1,300
Other reserves	22	(468)	(1,379)
Retained earnings	22	56,120	71,896
<b>Total equity</b>		<u>57,118</u>	<u>71,983</u>

The notes on pages 17 to 37 form an integral part of these financial statements.

The financial statements of Audley Travel Group Limited (registered number 03190720) on pages 13 to 37 were approved by the board of directors and authorised for issue on 30 March 2021.

Signed on behalf of the board of directors.



D Phillips  
Director

# Audley Travel Group Limited

## Annual report and financial statements for the year ended 31 December 2020

### Statement of changes in equity for the year ended 31 December 2020

	Share capital & premium £'000	Capital contribution reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 January 2019</b>	<b>166</b>	<b>1,300</b>	<b>1,672</b>	<b>56,615</b>	<b>59,753</b>
Total profit for the year	-	-	-	24,988	24,988
Total Other comprehensive expense	-	-	(3,051)	-	(3,051)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(3,051)</b>	<b>24,988</b>	<b>21,937</b>
Dividend paid	-	-	-	(10,000)	(10,000)
Share based payments	-	-	-	293	293
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,707)</b>	<b>(9,707)</b>
<b>Balance at 31 December 2019</b>	<b>166</b>	<b>1,300</b>	<b>(1,379)</b>	<b>71,896</b>	<b>71,983</b>
<b>Balance at 1 January 2020</b>	<b>166</b>	<b>1,300</b>	<b>(1,379)</b>	<b>71,896</b>	<b>71,983</b>
Loss for the year	-	-	-	(15,891)	(15,891)
Total Other comprehensive income	-	-	911	-	911
<b>Total comprehensive expense for the year</b>	<b>-</b>	<b>-</b>	<b>911</b>	<b>(15,891)</b>	<b>(14,980)</b>
Dividend paid	-	-	-	-	-
Share based payments	-	-	-	115	115
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115</b>	<b>115</b>
<b>Balance at 31 December 2020</b>	<b>166</b>	<b>1,300</b>	<b>(468)</b>	<b>56,120</b>	<b>57,118</b>

The notes on pages 17 to 37 form an integral part of these financial statements.

# **Audley Travel Group Limited**

## **Annual report and financial statements for the year ended 31 December 2020**

### **Notes to the financial statements for the year ended 31 December 2020**

#### **1. General information**

Audley Travel Group Limited ('the company') is a private company limited by shares and incorporated and domiciled in the United Kingdom. The registered address of the company is New Mill, New Mill Lane, Witney, Oxfordshire, OX29 9SX. The nature of the company's operations and its principal activity are set out in the strategic report on page 2.

#### **2. Accounting policies**

The principal accounting policies are summarised below. They have been applied consistently to all years presented in these financial statements.

##### **2.1 Basis of preparation of financial statements**

The financial statements of Audley Travel Group Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and with the Companies Act 2006 applicable to companies reporting under FRS 101. The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

Monetary amounts in these financial statements are rounded to the nearest £1,000.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

##### **2.2 Qualifying entity disclosure exemptions**

The company's ultimate parent undertaking, Boketto Holdco Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Boketto Holdco Limited are prepared in accordance with IFRS and are available to the public from the address in note 26. In preparing these financial statements, the company has taken advantage of the disclosure exemptions for qualifying entities and has applied the exemptions available under FRS 101 in respect of the following disclosures:

- (a) the requirements of IFRS 7, 'Financial Instruments: Disclosures';
- (b) paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- (c) paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- (d) the following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures);
- (e) IAS 7, 'Statement of cash flows';
- (f) paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- (g) the requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

# **Audley Travel Group Limited**

## **Annual report and financial statements for the year ended 31 December 2020**

### **Notes to the financial statements (continued) for the year ended 31 December 2020**

#### **2. Accounting policies (continued)**

##### **2.3 *New and amended standards adopted by the company***

No new standards, amendments or interpretations, effective for periods beginning on or after 1 January 2020 have had a material impact on the company financial statements.

##### **2.4 *Consolidation***

The company is a wholly owned subsidiary of Boketto Bidco Limited and of its ultimate parent Boketto Holdco Limited. It is included in the consolidated financial statements of Boketto Holdco Limited which are publicly available. Therefore, the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is included in note 27.

##### **2.5 *Going concern***

Taking into account the trading of the Boketto Holdco group, the directors have a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future, being at least twelve months from the date the financial statements are approved. Therefore, they have adopted the going concern basis in preparing these financial statements. In concluding on going concern the directors have taken account of the following points.

The parent company uses external debt financing as part of a balanced capital structure. The payments of capital and interest on external senior debt facilities by the parent companies are funded by intercompany loans from the company.

The Boketto Holdco group headed by Boketto Holdco Limited, the company's ultimate parent, also has long term debt finance provided by shareholders. The interest on external shareholder notes and capital balances have no scheduled cash payment in the normal course of operations prior to 2025. On 6 November 2020, the Boketto Holdco group completed a refinancing in which it increased its shareholder borrowing to provide adequate funding to enable the Boketto Holdco group to meet its liquidity and other stakeholder funding covenants and commitments during the period until the impact of the Covid-19 pandemic is forecast to reduce, and travel resumes. On the same day, agreements with senior lenders were revised to reflect the impact of the pandemic and support the business.

Monthly and quarterly cash flow forecasts have been prepared for the business to the end of 2023 with further projections to the end of 2025. These cash flows have been prepared on the basis of ongoing operation of key suppliers such as ground handling agents, airlines and merchant acquirers. They demonstrate that all liabilities of the business are met in accordance with contractual terms.

The operation of key suppliers is important and changes to them might be impacted by the speed of return to travel. Merchant acquirers are reacting to the heightened uncertainty in global travel markets by increasing their requirements for security from merchants. The company is looking to mitigate the potential impact of this on its ability to process credit and debit card receipts in a timely manner through the use of multiple merchant acquirers across its source markets by Q3 2021.

# **Audley Travel Group Limited**

## **Annual report and financial statements for the year ended 31 December 2020**

### **Notes to the financial statements (continued) for the year ended 31 December 2020**

#### **2. Accounting policies (continued)**

##### **2.5 *Going concern (continued)***

The uncertainty as to the speed of the removal of travel restrictions relating to the Covid-19 outbreak has been considered as part of the company's adoption of the going concern basis. These restrictions have had a significant impact on the business since March 2020. The company continues to postpone holidays and, while the uncertainty over the lifting of restrictions remains, it is achieving lower levels of new bookings for future holidays than historic levels. It is anticipated that there will be a further period where travel will be impacted. Whilst the accelerated roll out of vaccines are expected to have a very positive impact, it is difficult to predict the length of time and extent to which travel will be impacted. The company and wider the Boketto Holdco group have prepared forecasts to model scenarios which forecast travel restarting at different times during the second half of 2021, returning to historic levels of trade by March 2022, which show the company to be a going concern. These forecasts show that the Boketto Holdco group does not require any additional funding from its lenders or shareholders. In a more extreme downside scenario, such as a slower rate of recovery or delayed return to travel to Q4 of 2021, the directors reasonably anticipate the ongoing support of the company's and Boketto Holdco group's shareholders, lenders and the CAA during this period. This reasonable expectation on the part of the directors is consistent with the support received during 2020 noted above.

If travel were restricted significantly more than the already slow recovery assumed in the company's cash flow forecasts or the company's cash flows are disrupted by changes at key suppliers, the Boketto Holdco group may need to seek additional funds from lenders or shareholders during Q4 2021 to allow the company to continue to trade. This support is not formally agreed, though the directors reasonably expect the ongoing support as explained above.

This indicates there is a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

##### **2.6 *Revenue from contracts with customers***

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for the sale of tailor-made holiday packages and other services supplied to customers in the ordinary course of business.

Ordinarily, a booking to deliver a tailor-made holiday package will constitute a single performance obligation which is satisfied over the duration of the holiday as the customer simultaneously receives and consumes the benefits of the company's performance.

Revenue is recognised over the duration of the holiday (taken as the time elapsed from departure to return), in line with the satisfaction of the performance obligation.

##### **2.7 *Contract liabilities and related expenditure***

Payments received from customers and credit notes issued to customers are recognised as a contract liability. Amounts due from customers, in line with cancellation terms, are included in contract liabilities at the point they are recognised in trade receivables.

Costs in respect of those services are recognised in line with revenue and included within trade payables. Costs paid prior to customer departure are recognised as a prepayment within trade and other receivables.

##### **2.8 *Amounts received in government support for job retention schemes***

Amounts received in government support for job retention schemes are treated as other operating income.

**Audley Travel Group Limited**  
**Annual report and financial statements for the year ended 31 December 2020**

**Notes to the financial statements (continued)**  
**for the year ended 31 December 2020**

**2. Accounting policies (continued)**

**2.9 Finance income and costs**

Interest income and interest expense are recognised using the effective interest rate method.

**2.10 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income where it is recognised in other comprehensive income.

Current tax liability is the expected tax payable on the taxable income for the year using tax rates (and laws) enacted or substantially enacted at the balance sheet date and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are only offset when there is a legally enforceable right to offset the current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**2.11 Investments**

Investments in subsidiaries and associates are measured at cost less impairment.

**2.12 Property, plant & equipment**

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Right-of-use assets arising from lease agreements are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values over their estimated useful lives or as follows:

Buildings	5 years or the end of the lease term
Fixtures and fittings	3 years
Office equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed and adjusted, if appropriate at the end of each reporting year. The company assesses at each reporting date whether tangible fixed assets are impaired and an asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

# Audley Travel Group Limited

## Annual report and financial statements for the year ended 31 December 2020

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 2. Accounting policies (continued)

##### 2.13 Intangible assets

###### *Internally developed intangible assets*

Expenditure on internally developed intangible assets is capitalised if:

- it is technically feasible to complete the product or process so that it will be available for use;
- management intends to complete development and use or sell the product or process;
- there is an ability to use or sell the product or process;
- it can be demonstrated how the product or process will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product or process are available; and
- the expenditure attributable to the product or process during its development can be reliably measured.

Capitalised development expenditure is stated at cost less accumulated amortisation. Other development expenditure is recognised in the statement of comprehensive income as an expense as incurred.

###### *Amortisation*

Amortisation is charged to administrative expenses in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Internally developed intangibles	3 – 7 years
Software and software licences	3 – 5 years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets with finite lives are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable in accordance with IAS 36 *Impairment of assets*.

##### 2.14 Trade receivables

Trade receivables are amounts due from customers in respect of holidays sold in the ordinary course of business. Such amounts due from customers are recognised in line with cancellation terms.

##### 2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, restricted cash, deposits held on call with banks and cash in transit.

**Audley Travel Group Limited**  
**Annual report and financial statements for the year ended 31 December 2020**

**Notes to the financial statements (continued)**  
**for the year ended 31 December 2020**

**2. Accounting policies (continued)**

**2.16 Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

*Classification*

A financial instrument is measured at amortised cost if it meets both of the following conditions and is not designated as fair value through profit or loss (FVTPL):

- It is held for trading; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If an instrument does not meet these conditions, it is measured at FVTPL.

The company applies the IFRS9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

*Subsequent measurement*

Financial instruments at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

*Derecognition*

The company derecognises a financial instrument when the contractual rights or obligations to the cash flows expire, or it transfers its right or obligation to the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial instrument are transferred.

*Derivative financial instruments and hedge accounting*

The company holds derivative financial instruments to hedge its foreign currency exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss unless hedge accounting is applicable.

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.

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.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, terminated, exercised or expired, then hedge accounting is discontinued prospectively.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.



## **Audley Travel Group Limited**

### **Annual report and financial statements for the year ended 31 December 2020**

#### **Notes to the financial statements (continued)**

##### **for the year ended 31 December 2020**

#### **2. Accounting policies (continued)**

##### **2.17 Trade payables**

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Included in other payables are refunds due to customers.

##### **2.18 Leases**

The company leases properties and office equipment. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments less any lease incentives. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company incremental borrowing rate.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability and any initial direct costs.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

In all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Extension and termination options are included in a number of the property leases. These options are used to maximise operational flexibility. The lease term beyond the date of the option is only included in the lease period if the option is reasonably certain to be exercised.

# **Audley Travel Group Limited**

## **Annual report and financial statements for the year ended 31 December 2020**

### **Notes to the financial statements (continued) for the year ended 31 December 2020**

#### **2. Accounting policies (continued)**

##### **2.19 Employee benefits**

The company operates a defined contribution pension scheme. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

##### **2.20 Share-based payments**

Share-based payment arrangements in which the company receives goods or services as consideration for the group's equity instruments are accounted for as equity settled share-based payment transactions. The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity over the vesting period.

#### **3. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

##### ***Critical accounting estimates and assumptions***

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.

##### ***Intangible assets***

After the initial capitalisation the directors, at least annually, undertake an assessment of the carrying value of the group's intangible assets to determine whether there is any indication that those assets have suffered an impairment loss (note 11).

##### ***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 and that have the most significant effect on the amounts recognised in the financial statements.

##### ***Revenue recognition***

In the directors' judgement, a booking to deliver a tailor-made holiday package constitutes a single performance obligation which is satisfied over the duration of the holiday.

Revenue is therefore recognised over the duration of the holiday in line with the satisfaction of the performance obligation which, in the directors' judgement, is the most appropriate revenue base as this matches the point at which the service is performed.

##### ***Supplier liabilities and prepayments***

Due to the uncertainties as to the timing and extent of country re-openings following the Covid-19 pandemic, the directors have applied judgement in assessing the amount of supplier liabilities, including the application of cancellation costs, and the recovery of related supplier balances including prepayments.

# Audley Travel Group Limited

## Annual report and financial statements for the year ended 31 December 2020

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 3. Critical accounting judgements and key sources of estimation uncertainty (continued)

##### *Critical judgements in applying the company's accounting policies (continued)*

##### *Intangible assets*

The directors use their judgement in applying the criteria set out in IAS 38 *Intangible Assets* to determine the extent to which intangible assets have a value that will benefit the performance of the group over future years. Where it is demonstrable that an asset is expected to confer benefits in future years, the asset is capitalised.

##### *Leases*

In determining the lease term, the directors consider all facts and circumstances that create an economic incentive to exercise an extension or termination option. In the current year, with the impact of the Covid-19 crisis, this assessment has been reviewed on a lease by lease basis.

#### 4. Revenue

The total revenue of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom and Ireland. In relation to the timing of revenue recognition, all revenue is recognised over the duration of the holiday in line with the satisfaction of the performance obligations.

#### 5. Operating (loss) / profit

	Note	2020 £'000	2019 £'000
<i>Operating (loss)/profit is stated after charging:</i>			
Amortisation of intangible assets	11	1,850	1,318
Depreciation of property, plant & equipment	12	2,127	2,329
Impairment of property, plant & equipment	12	1,293	-
Impairment of debt owed by group company		577	-
Share-based payments	23	115	293
Fees payable to the company's auditors for the audit of the company's annual financial statements		83	77
		<hr/>	<hr/>
<i>and after crediting other income:</i>			
Group services		2,500	4,889
Government support in relation to job retention schemes		2,672	-
Insurance income		2,400	-
Other income		54	-
		<hr/>	<hr/>

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

# Audley Travel Group Limited

## Annual report and financial statements for the year ended 31 December 2020

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 6. Adjusted EBITDA

	Note	2020 £'000	2019 £'000
Operating (loss)/profit		(21,083)	26,223
Share-based payments	23	115	293
Adjusted operating (loss)/profit		<b>(20,968)</b>	<b>26,516</b>
Amortisation of intangible assets	11	1,850	1,318
Depreciation of property, plant & equipment	12	2,127	2,329
Impairment of property, plant & equipment	12	1,293	-
Impairment of debt owed by group company		577	-
Operating exceptional items		16,679	4,427
<b>Adjusted EBITDA</b>		<b>1,558</b>	<b>34,590</b>

Operating exceptional items are comprised of £13,126 (2019: £nil) attributable to the Covid-19 crisis and £3,553k (2019:£4,427k) of other operating exceptional items.

In 2020 £14,419k (2019: £nil) including impairment of property, plant & equipment, was identified as attributable to the impact of the Covid-19 pandemic and was deemed to be exceptional in nature. Costs categorised as such included; supplier costs relating to the repatriation of clients; supplier cancellation costs; staff costs relating to time spent supporting clients to cancel or postpone their holidays, or to process refunds; costs relating to furloughed staff; and certain costs relating to the restructuring and termination of leases for office space excess to expected future requirements. The costs categorised as relating to Covid-19 activities were offset by income relating to a Covid-19 insurance claim and amounts received in government support in relation to job retention schemes.

Other operating exceptional items of £3,553k, are costs by the group in relation to non-capital expenditure on one-time transformational projects and refinancing activities (2019: £4,427k).

#### 7. Directors and employees

The average number of persons (including executive directors) employed by the company during the year was:

	2020 Number	2019 Number
Administrative	171	263
Sales	407	393
	<b>578</b>	<b>656</b>

## **Audley Travel Group Limited**

### **Annual report and financial statements for the year ended 31 December 2020**

#### **Notes to the financial statements (continued) for the year ended 31 December 2020**

##### **7. Directors and employees (continued)**

Employee benefit expense during the year (including directors' remuneration) was:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	20,160	22,897
Social security costs	1,769	2,179
Share-based payments	115	293
Other pension costs	892	828
	<b>22,936</b>	<b>26,197</b>

Amounts received in government support in relation to job retention schemes during the year was £2,672k (2019: nil). This is included in other operating income.

None of the directors received any remuneration from the company in respect of services for the company in 2020 (2019: nil). All directors' remuneration is borne by Boketto Bidco Limited. It is not possible to allocate the directors costs to individual group companies, so all remuneration is disclosed in the consolidated financial statements of Boketto Holdco Limited.

Retirement benefits are accruing under money purchase pension schemes in respect of qualifying services for four directors (2019: four).

##### **8. Finance income**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	102	396
Interest receivable on loans with other group undertakings	2,391	2,405
Net foreign exchange gain	256	-
	<b>2,749</b>	<b>2,801</b>

##### **9. Finance expenses**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Lease interest payable	141	411
Interest payable on bonds and guarantees	635	187
Other interest payable	2	-
Net foreign exchange loss	-	58
	<b>778</b>	<b>656</b>

# Audley Travel Group Limited

## Annual report and financial statements for the year ended 31 December 2020

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 10. Tax on (loss) / profit

The tax charge comprises:

	2020 £'000	2019 £'000
<b>Current tax</b>		
UK Corporation tax	(3,229)	3,319
Adjustments in respect of prior periods	(90)	(166)
<b>Total current tax</b>	<b>(3,319)</b>	<b>3,153</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(143)	266
Adjustments in respect of prior periods	219	(11)
Effect of changes in tax rates	22	(28)
<b>Total deferred tax</b>	<b>98</b>	<b>227</b>
<b>Total tax (income) / charge for the year</b>	<b>(3,221)</b>	<b>3,380</b>

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss) / profit before tax is as follows:

	2020 £'000	2019 £'000
<b>(Loss) / profit before taxation</b>	<b>(19,112)</b>	<b>28,368</b>
Tax on (loss) / profit at standard UK corporation tax rate of 19% (2019: 19%)	(3,631)	5,390
<b>Effects of:</b>		
- Adjustments in respect of prior periods	129	(177)
- Effect of changes in tax rates	22	(28)
- Expenses not deductible for tax purposes	253	104
- Transfer pricing adjustments	6	10
- Group relief received	-	(1,919)
<b>Total tax (income) / charge for the year</b>	<b>(3,221)</b>	<b>3,380</b>

A reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020 was enacted in the Finance (No2) Act 2016 on 6 September 2016. However, in the UK Budget on 11 March 2020, it was announced that the cut in the tax rate to 17% would not occur and the UK Corporation Tax Rate would instead remain at 19%. As this was enacted by the balance sheet date, deferred tax balances as at 31 December 2020 reflect a 19% rate deduction. Additionally, it was announced on 3 March 2021 that in future periods the corporation tax rate would increase to 25%, this rate change has not yet been substantively enacted and so has not been reflected in above tax workings.

There is a deferred tax asset of £385k included in current assets in the statement of financial position (2019: £310k current assets). There are no unrecognised deferred tax assets or liabilities in either the current or prior year.

**Audley Travel Group Limited****Annual report and financial statements for the year ended 31 December 2020****Notes to the financial statements (continued)**  
**for the year ended 31 December 2020****11. Intangible assets**

	<b>Assets under construction £'000</b>	<b>Software and licences £'000</b>	<b>Internally developed intangibles £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2020	1	425	7,478	7,904
Additions	159	5	6,576	6,740
Transfers	(1)	-	1	-
Disposals	-	(5)	(178)	(183)
<b>At 31 December 2020</b>	<b>159</b>	<b>425</b>	<b>13,877</b>	<b>14,461</b>
<b>Accumulated amortisation</b>				
At 1 January 2020	-	366	2,568	2,934
Amortisation charge	-	21	1,829	1,850
<b>At 31 December 2020</b>	<b>-</b>	<b>387</b>	<b>4,397</b>	<b>4,784</b>
<b>Net book value</b>				
<b>At 31 December 2020</b>	<b>159</b>	<b>38</b>	<b>9,480</b>	<b>9,677</b>
<b>At 31 December 2019</b>	<b>1</b>	<b>59</b>	<b>4,910</b>	<b>4,970</b>

Details of the judgements made regarding intangible assets are disclosed in note 3.

**Audley Travel Group Limited****Annual report and financial statements for the year ended 31 December 2020****Notes to the financial statements (continued)**  
**for the year ended 31 December 2020****12. Property, plant and equipment**

	<b>Buildings</b>	<b>Fixtures and</b>	<b>Office</b>	<b>Total</b>
	<b>£'000</b>	<b>fittings</b>	<b>equipment</b>	<b>£'000</b>
<b>Cost</b>		<b>£'000</b>	<b>£'000</b>	
At 1 January 2020	12,161	820	4,326	17,307
Additions	87	5	204	296
Disposals	(13)	-	-	(13)
<b>At 31 December 2020</b>	<b>12,235</b>	<b>825</b>	<b>4,530</b>	<b>17,590</b>
<b>Accumulated depreciation</b>				
At 1 January 2020	6,625	610	3,114	10,349
Charge for the year	1,351	94	682	2,127
Impairment charge on right of use assets	1,293	-	-	1,293
Disposals	-	-	-	-
<b>At 31 December 2020</b>	<b>9,269</b>	<b>704</b>	<b>3,796</b>	<b>13,769</b>
<b>Net book value</b>				
<b>At 31 December 2020</b>	<b>2,966</b>	<b>121</b>	<b>734</b>	<b>3,821</b>
<b>At 31 December 2019</b>	<b>5,536</b>	<b>210</b>	<b>1,212</b>	<b>6,958</b>

The company has no amounts committed to capital expenditure at 31 December 2020 (2019: none).



**Audley Travel Group Limited****Annual report and financial statements for the year ended 31 December 2020****Notes to the financial statements (continued)**  
**for the year ended 31 December 2020****12. Property, plant and equipment (continued)**

Buildings and office equipment include the following amounts where the company is a lessee:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
Buildings	10,454	10,462
Office equipment	270	270
<b>Total cost</b>	<b>10,724</b>	<b>10,732</b>
<b>Accumulated depreciation and impairment</b>		
Buildings	8,047	5,620
Office equipment	114	59
<b>Total accumulated depreciation and impairment</b>	<b>8,161</b>	<b>5,679</b>
<b>Net book value</b>		
Buildings	2,407	4,842
Office equipment	156	211
<b>Total net book value</b>	<b>2,563</b>	<b>5,053</b>

**13. Investments**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
At 1 January	-	1
Disposals during the year	-	(1)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

**Subsidiary undertakings**

There were no directly held subsidiary undertakings of the company at 31 December 2020.

## Audley Travel Group Limited

### Annual report and financial statements for the year ended 31 December 2020

#### Notes to the financial statements (continued) for the year ended 31 December 2020

##### 14. Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	558	556
Amounts owed by group undertakings	56,315	77,121
Other receivables	2,909	1,584
Prepayments	6,330	18,766
	<u>66,112</u>	<u>98,027</u>

Amounts owed by other group undertakings includes an unsecured loan and accumulated interest of £3,046k (2019: £26,455k) which incurs interest at a fixed rate of 10% and is repayable on demand. The remaining balance owed by other group undertakings is interest free and repayable on demand.

Other receivables include an insurance claim amounting to £2,400k in relation to covid-19 recognised during the year as the company has unconditional contractual right to receive compensation. (2019: £nil)

##### 15. Cash and cash equivalents

	2020 £'000	2019 £'000
<b>Current</b>		
Cash at bank and in hand	24,450	52,682
<b>Non-current</b>		
Restricted cash	10,000	15,000
	<u>34,450</u>	<u>67,682</u>

In April 2020, the Civil Aviation Authority ("CAA") granted the annual renewal of Audley Travel Group Limited's ATOL licence. As a condition of granting the licence, £10,000,000 (2019: £15,000k) was restricted from use until the next annual renewal in March 2021. As per note 24, management expect to renew the ATOL licence on substantially the same terms and conditions as currently agreed with the CAA, and therefore expect the restrictions on use to continue for the foreseeable future.

## Audley Travel Group Limited

### Annual report and financial statements for the year ended 31 December 2020

#### Notes to the financial statements (continued) for the year ended 31 December 2020

##### 16. Derivative financial instruments

The company's hedging reserves relate to the following derivative financial instruments:

	Foreign currency contracts £'000
Opening balance at 1 January 2019	1,758
Change in fair value of hedging instrument recognised in OCI	(3,676)
Change in fair value of hedging instrument recognised in the Income Statement	253
Closing balance at 31 December 2019	(1,665)
Change in fair value of hedging instrument recognised in OCI	738
Change in fair value of hedging instrument recognised in the Income Statement	(86)
Closing balance at 31 December 2020	(1,013)

All derivative financial instruments held by the group are classified as Level 2 and are accounted for as cash flow hedges. Level 2 fair value measurements are derived from inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly.

The company enters into forward foreign currency contracts to limit their exposure to exchange rate fluctuations on supplier payments. All forward foreign currency contracts will be delivered in the next twelve months and are valued using quoted forward exchange rates at the end of the reporting year.

The following table details the forward foreign currency contracts outstanding as at the year end. The company engages a third party to value the derivatives and calculate the hedge effectiveness.

	2020 £'000	2019 £'000
Notional value	45,807	64,846
Net fair value	(1,013)	(1,665)

## Audley Travel Group Limited

### Annual report and financial statements for the year ended 31 December 2020

#### Notes to the financial statements (continued) for the year ended 31 December 2020

##### 17. Trade and other payables

	2020 £'000	2019 £'000
Trade payables	2,735	1,785
Accruals	3,242	5,230
Social security and other taxation	698	-
Pension payable	173	168
Other payables	70	409
Amounts due to group undertakings	2,075	-
	<b>8,993</b>	<b>7,592</b>
Corporation tax payable	-	1,320
	<b>8,993</b>	<b>8,912</b>

##### *Pensions*

The company operates a defined contribution pension scheme and the contributions are charged to the profit and loss account. The contributions charged in the year amounted to £892k (2019: £828k) with unpaid contributions at 31 December 2020 of £173k (2019: £168k).

##### 18. Contract liabilities

The company has recognised the following liabilities related to contracts with customers:

	2020 £'000	2019 £'000
Current	34,947	88,550
Non-current	10,852	1,623
<b>Total contract liabilities</b>	<b>45,799</b>	<b>90,173</b>

£58,336k of revenue was recognised in 2020 relating to carried forward contract liabilities (2019: £141,154k). No revenue was recognised in the year relating to performance obligations satisfied in a prior year (2019: nil).

Contract liabilities have decreased in the year due to the Covid-19 pandemic significantly impacting international travel.

# Audley Travel Group Limited

## Annual report and financial statements for the year ended 31 December 2020

### Notes to the financial statements (continued) for the year ended 31 December 2020

#### 19. Borrowings

Lease liabilities are payable as follows:

	2020 £'000	2019 £'000
<b>Commitments in relation to leases are payable as follows:</b>		
Within one year	2,042	1,638
Later than one year but not later than five years	2,587	3,850
<b>Minimum lease payments</b>	<b>4,629</b>	<b>5,488</b>
Future finance charges	(170)	(274)
<b>Recognised as a liability:</b>	<b>4,459</b>	<b>5,214</b>
<b>The present value of lease liabilities is as follows:</b>		
Within one year	2,023	1,547
Later than one year but not later than five years	2,436	3,667
	<b>4,459</b>	<b>5,214</b>

The Company has an option to renew the agreement to lease one property for an additional 10 years from the end of the current contractual term. A break clause in the other property would extend the lease term by five years if the clause is not exercised. In both cases, the shorter lease term has been used as it is not reasonably certain that the renewal would be exercised, or that the break clause would not be exercised. There are no other renewal or purchase options (2019: nil), and no contingent rentals were paid during the year (2019: nil).

#### 20. Deferred tax

Deferred tax is provided as follows:

	2020 £'000	2019 £'000
Accelerated capital allowances	261	218
Short term timing differences	(102)	92
Losses	226	-
<b>Deferred tax asset</b>	<b>385</b>	<b>310</b>

Reconciliation of deferred tax movement:

	2020 £'000	2019 £'000
<b>At 1 January</b>	<b>310</b>	<b>(88)</b>
Prior year adjustment	(219)	11
Credited to OCI	173	625
Credited / (charged) to Income Statement	121	(238)
<b>At 31 December</b>	<b>385</b>	<b>310</b>

## Audley Travel Group Limited

### Annual report and financial statements for the year ended 31 December 2020

#### Notes to the financial statements (continued) for the year ended 31 December 2020

##### 21. Share capital and share premium

	2020 number	2019 number
Ordinary shares of £0.01 each	5,000,000	5,000,000
'E Group' ordinary shares of £0.10 each	713,875	713,875
<b>At 31 December</b>	<b>5,713,875</b>	<b>5,713,875</b>

	2020 £'000	2019 £'000
<b>Authorised, allotted and fully paid</b>		
5,000,000 (2019: 5,000,000) ordinary shares of £0.01 each	50	50
713,875 (2019: 713,875) 'E Group' ordinary shares of £0.10 each	71	71
	<b>121</b>	<b>121</b>
Share premium	45	45
	<b>166</b>	<b>166</b>

The ordinary and 'E Group' ordinary shares are separate classes of shares for the purpose of the declaration of dividends. The 'E Group' shares hold no voting rights. The ordinary and 'E Group' ordinary shares rank pari passu in all other respects.

Share premium reserve includes payments made by shareholders for ordinary share capital in excess of the nominal value of the shares.

##### 22. Reserves

Retained earnings includes the cumulative results for the company to date.

Movement in other reserves in the year is as follows:

	2020 £'000	2019 £'000
<b>At 1 January</b>	(1,379)	1,672
Movement in cash flow hedges	738	(3,676)
Tax on movement in cash flow hedges	173	625
<b>At 31 December</b>	<b>(468)</b>	<b>(1,379)</b>

Other reserves include the cash flow hedge reserve and the costs of hedging reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. The company defers the changes in the forward element of forward contracts in the costs of hedging reserve.

Capital contribution reserve includes amounts extended to the company by its immediate parent which are not intended to be repaid.

## **Audley Travel Group Limited**

### **Annual report and financial statements for the year ended 31 December 2020**

#### **Notes to the financial statements (continued)**

##### **for the year ended 31 December 2020**

#### **23. Share-based payments**

During prior periods, B shares in the ultimate parent company, Boketto Holdco Limited, were issued to employees of the company. The B shares represent 'sweet' equity and receive dividends in preference to other classes of ordinary shares and a return on capital in accordance with the waterfall mechanism in the schedule to the articles of association.

The estimated fair value of the B shares issued in 2017 are measured using the Monte Carlo pricing model and assuming no dividends are expected. Expected volatility is estimated by considering historic average market share price volatility in the travel industry at the grant date and adjusting for specific business conditions / circumstances. The estimated fair value of the B shares issued in 2017 was £10.56 per share. For periods after 2017 the B shares were acquired at a range of prices from £13.06 to £25.16 which were estimated to be fair value of the shares at the respective dates and therefore do not give rise to an additional charge.

In addition to the B shares issued during the year, cash bonus schemes were granted which will be funded from the sale of B ordinary shares of £0.01 and which have been included in the share based payment charge using an estimated fair value of £24.50.

The total charge is being spread over periods of up to five years from the grant date and the total charge in the year, included in operating profit, in relation to these awards and awards made in prior periods was £115k (2019: £293k), all in relation to equity-settled awards.

#### **24. External regulatory requirements & contingent liabilities**

The company currently holds an Air Travel Organisers' Licence ('ATOL') issued by the Civil Aviation Authority ("CAA") and is an accredited agent of the International Air Transport Association ('IATA').

In order to offer air inclusive package holidays, the company requires the annual renewal by the CAA of its ATOL licence. The CAA awards this on the basis of meeting agreed financial criteria and renews this in March (effective 1 April) each year. The company has complied with the requirements agreed with the CAA during the years presented in these financial statements, and subsequent to 31 December 2020 to the date of signing these financial statements. The directors see no reason why the ATOL licence will not be renewed in March 2021 on substantially the same terms and conditions as currently agreed with the CAA.

The company also complies with the financial criteria requirements of IATA.

There are no other material contingent liabilities.

#### **25. Related party transactions**

As a wholly owned subsidiary undertaking of Boketto Holdco Limited, the company has taken advantage of the exemption under FRS 101 from disclosing transactions with other members of the group.

#### **26. Ultimate parent undertaking and controlling party**

The company is a subsidiary undertaking of Boketto Bidco Limited, the immediate parent company. The ultimate controlling party is Boketto Holdco Limited, incorporated in England and Wales, which is the largest company in which the results of the company are consolidated. The smallest company in which the results of the company are consolidated is Boketto Newco Limited.

The consolidated financial statements of these companies are available to the public and may be obtained from New Mill, New Mill Lane, Witney, Oxfordshire, OX29 9SX.