

Company Registration No. 03629676 (England and Wales)

IGLU.COM LIMITED
CONSOLIDATED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MAY 2019



IGLU.COM LIMITED

COMPANY INFORMATION

Directors

D Mills
K Fox
R Downs
S Clark
L Vincent
S Millett
E Burke
O Rosenberger
D Gooch
Y Khan

Company number

03629676

Registered office

2nd Floor
165 The Broadway
Wimbledon
London
United Kingdom
SW19 1NE

Auditor

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom

IGLU.COM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2019

The directors present the strategic report for the year ended 31 May 2019.

Review of the Business and Future Developments

The company continues to demonstrate robust trading against a backdrop of on-going economic and political uncertainty. In the year ended 31 May 2019, the Company generated gross retail turnover of £346m (up 16% on prior year) and gross profit of £35m (up 10% on prior year). Profit before taxation was £3.4m (2018: £6.5m), down on prior year due to a step change in administrative costs, impact of PSD2 (no longer able to charge for credit card usage), continued investment in the International start-up and higher costs associated with operational changes made by suppliers.

The business continues to undertake its activities under three main brands (Iglu Cruise, Iglu Ski and Planet Cruise) and operates from offices in Wimbledon and Portsmouth. The brands are popular with and are trusted by both consumers and suppliers. This is evidenced by our multiple industry awards. In the year, we were presented with the 'Outstanding contribution' award from Princess Cruises, 'Top cruise specialist' from Celebrity Cruises and took home the 'Best cruise agent', 'Best on-line agent' and 'Digital champion of the year' awards from the Agent Achievement Awards. The last two were recognition for our investment in our on-line offering. The company also received the 'Best non-retail agent' title at the 2019 WAVE awards, demonstrating our increasing capability with tailor made product. In addition, our International activities were acknowledged by the 'Best growth award' for Royal Caribbean Cruise Line Eurozone.

Business is conducted through call centres based at both sites and on-line. Iglu.com avoids the overheads associated with operating high street shops but still benefits from interaction with customers by hosting regular Cruise shows during the year, across the country. The Planet Cruise brand also hosts a weekly Ideal World programme and YouTube channel and both the Iglu and Planet Cruise brands maintain an on-line social media presence.

Over the last three financial years, the company has invested in expansion into international markets under the Planet Cruise brand. The company launched trading in the Republic of Ireland during the year and now offers cruise holidays in four European markets. The International operating loss associated with these activities are shown separately in the statement of comprehensive income to give a better understanding of the cost of entry into a new market and do not reflect routine trading. The additional investment allows the company to build brand awareness, market share and develop relationships with suppliers to drive a strong positive contribution in the future.

Net assets have increased in the year by 12%, being the profit for the financial year. Cash balances remain healthy at £17m (2018: £25m).

The directors are optimistic that the business is well placed to drive further growth, especially given the increased capacity in the cruise market, growing popularity of cruise holidays in general, further development of on-line proposition and expansion into new international markets.

IGLU.COM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

Key performance indicators

The company monitors and reports on a number of Key Performance Indicators. Comparisons are made between years and against annual budgets. Key performance indicators form a significant part of our monthly management reporting. The company continues to operate an 'Objectives and Key Results' framework to assist in the defining and tracking of organisational objectives and their outcomes.

Financial Key Performance Indicators

Strong average selling prices contributed to the key objective of being recognised as the largest UK on-line Travel Agent by an increasing margin. Gross profit is a key measure of the business. This grew by 10% year on year, incorporating changes in discounting and product mix. Management monitor these and other indicators, such as volumes, by supplier. Other key performance indicators focus on the effectiveness of our marketing spends and the efficiency of our sales team at converting enquires to bookings. Administration costs have increased by 25% due to further investment in people and skills, to support future top-line growth.

Non-financial Key Performance Indicators

Customer satisfaction is a focus for the business given the link to repeat bookings and we enjoy a Feefo rating of 4.7/5 across all brands in addition to being awarded Feefo's Gold Trusted Service Award for a sixth consecutive year. Employee retention is also an important, non-financial, focus.

Principal risks and uncertainties

The group holds comprehensive insurance cover for risk areas identified as significant. Management seek advice from external experts, where relevant, to reduce risks to an acceptable level.

The company continues to hold an Air Travel Organisers License, guaranteeing the protection of consumers' money or holiday plans in the unlikely event of the Company's insolvency. This is granted by the Civil Aviation Authority, which acts as a regulator to the industry in which Iglu.com operates, ensuring the financial health of all licence holders. In addition, the company's membership of The Association of British Travel Agents (ABTA) demonstrates our continued adherence to high standards. The company also holds an ATOUT France licence for sales in this market.

The company takes no commitment on flights or accommodation and therefore removes any fixed capacity risk.

The following are some of the key risks that the company faces:

Operational

As an online business, the company is reliant on Information Technology. Iglu.com has dedicated IT teams that are responsible for the maintenance, repair and enhancement of our front and back-office systems and associated reporting capabilities. This has enabled the company to maximise the efficiency of the operational procedures, and will continue to be a key focus for the business in the coming years. There is a full disaster recovery plan in place, which includes the back-up of data offsite.

Competition

Competition in the travel agent market is intense, as it is across retail in general. The company competes against other travel agents in the internet market place. However the directors believe that the strength of the brand, good supplier relationships and high level of in-house expertise gives them a strong competitive advantage. This is further enhanced by the Company's increasing offering of on-line bookable product.

IGLU.COM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

Environmental and other regulatory requirements

Existing and possible future legislation, regulations and actions may cause additional expenses to the company, the extent of which cannot be predicted.

Iglu.com has undertaken an Energy Savings Opportunity Scheme (ESOS) assessment for both office sites and is compliant with the scheme. It is also working to ensure continued compliance with the Package Travel Directive and General Data Protection Regulations, both of which were implemented in 2018.

There are continued risks of terrorism, political unrest and natural disasters or adverse weather conditions; however the industry has a good track record of responding to these events and the nature of cruising means that ships can be redeployed from affected areas to reduce exposure.

Cyber threats are a risk but the company is PCI compliant and maintains systems and controls to safeguard against this.

The company continues to assess and mitigate the potential impact of the UK's decision to leave the EU.

Financial risks

Interest rate cash flow risk

The company has interest bearing assets but no interest bearing liabilities. Interest bearing assets comprise its cash balances, which earn interest at the prevailing market rate.

Foreign exchange rate risk

The level of foreign currency transactions within the company is minimal and therefore this does not pose a material risk at the moment.

Credit risk

The company's credit risk is mainly attributable to receivables from customers not yet departed. Therefore credit risk is not concentrated.

Research and development

During the year the group continued to develop bespoke software solutions for use across the business and websites.

On behalf of the board



.....
R Downs
Director

Date: 11/9/19

IGLU.COM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2019

The directors present their annual report and consolidated financial statements for the year ended 31 May 2019.

Principal activities

The principal activity of the company and group continued to be that of on-line specialist travel agent and tour operator.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Mills	
K Fox	
R Downs	
S Clark	
L Vincent	
M Bailey-Williams	(Resigned 7 May 2019)
S Millett	
E Burke	
O Rosenberger	
D Gooch	(Appointed 1 March 2019)
Y Khan	(Appointed 1 March 2019)

Results and dividends

The results for the year are set out on page 9. No ordinary dividends were paid (2018: £nil). The directors do not recommend payment of a final dividend.

Disabled persons

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

Employee involvement

The group's policy is to consult and discuss with employees, matters likely to affect their interests. The group recognises the benefits associated with keeping employees informed of the group's progress and performance and seeks to achieve common awareness through updates and reports.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

IGLU.COM LIMITED

DIRECTORS' REPORT (CONTINUED)


FOR THE YEAR ENDED 31 MAY 2019

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

In accordance with section 414 c (ii) of the Companies Act 2006, included in the Strategic Report is the review of the business, principal risks and uncertainties and key performance indicators of the business.

On behalf of the board



R Downs

Director

11/9/19

IGLU.COM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MAY 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IGLU.COM LIMITED

Opinion

We have audited the financial statements of IGLU.COM Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IGLU.COM LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Ian Bell FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

11/9/19

IGLU.COM LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2019


		2019	2018
	Notes	£	as restated £
Group gross retail turnover		346,233,385	299,639,299
Turnover	3	131,581,040	114,731,595
Cost of sales		(96,306,853)	(82,607,527)
Gross profit		35,274,187	32,124,068
Administrative expenses		(32,083,889)	(25,728,860)
Other operating income		100,559	-
EBITDA before separately disclosed items		8,713,966	9,811,407
Exceptional items and international losses	4	(3,444,857)	(2,169,125)
Amortisation		(1,695,239)	(1,025,015)
Depreciation		(283,013)	(222,059)
Operating profit	4	3,290,857	6,395,208
Interest receivable and similar income	8	167,553	139,766
Interest payable and similar expenses	9	(70,485)	(72,877)
Profit on ordinary activities before taxation		3,387,925	6,462,097
Taxation	10	(112,240)	(784,491)
Profit for the financial year	24	3,275,685	5,677,606

Profit for the year is all attributable to the owners of the parent company.

IGLU.COM LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MAY 2019**

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	11	1,724,850		1,848,054	
Other intangible assets	11	5,777,781		3,741,234	
Total intangible assets		7,502,631		5,589,288	
Tangible assets	12	445,580		368,660	
		7,948,211		5,957,948	
Current assets					
Debtors	15	145,719,121	109,370,949		
Cash at bank and in hand		16,923,484	25,906,442		
		162,642,605	135,277,391		
Creditors: amounts falling due within one year	16	(127,267,564)	(104,273,469)		
Net current assets		35,375,041		31,003,922	
Total assets less current liabilities		43,323,252		36,961,870	
Creditors: amounts falling due after more than one year	17	(11,635,191)	(9,047,990)		
Provisions for liabilities	19	(1,255,714)	(757,218)		
Net assets		30,432,347		27,156,662	
Capital and reserves					
Called up share capital	22	2,300,943	2,300,943		
Profit and loss reserves	24	28,131,404	24,855,719		
Total equity		30,432,347		27,156,662	

The financial statements were approved by the board of directors and authorised for issue on 11/9/19 and are signed on its behalf by:



R Downs
Director

IGLU.COM LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 MAY 2019**

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Goodwill	11		1,974,712		2,114,104
Other intangible assets	11		5,777,781		3,741,234
Total intangible assets			7,752,493		5,855,338
Tangible assets	12		445,580		368,660
Investments	13		56,341		56,341
			8,254,414		6,280,339
Current assets					
Debtors	15	145,801,877		110,456,368	
Cash at bank and in hand		16,785,819		24,766,114	
			162,587,696		135,222,482
Creditors: amounts falling due within one year	16	(127,267,564)		(104,273,469)	
Net current assets			35,320,132		30,949,013
Total assets less current liabilities			43,574,546		37,229,352
Creditors: amounts falling due after more than one year	17		(11,635,191)		(9,047,990)
Provisions for liabilities	19		(1,255,714)		(757,218)
Net assets			30,683,641		27,424,144
Capital and reserves					
Called up share capital	22		2,300,943		2,300,943
Profit and loss reserves	24		28,382,698		25,123,201
Total equity			30,683,641		27,424,144

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £3,259,497 (2018: £5,661,418 profit).

The financial statements were approved by the board of directors and authorised for issue on 11/9/19 and are signed on its behalf by:



R Downs
Director

IGLU.COM LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2019

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 June 2017	2,300,943	19,178,113	21,479,056
Year ended 31 May 2018:			
Profit and total comprehensive income for the year	-	5,677,606	5,677,606
Balance at 31 May 2018	2,300,943	24,855,719	27,156,662
Year ended 31 May 2019:			
Profit and total comprehensive income for the year	-	3,275,685	3,275,685
Balance at 31 May 2019	2,300,943	28,131,404	30,432,347

IGLU.COM LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2019

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 June 2017	2,300,943	19,461,783	21,762,726
Year ended 31 May 2018:			
Profit and total comprehensive income for the year	-	5,661,418	5,661,418
Balance at 31 May 2018	2,300,943	25,123,201	27,424,144
Year ended 31 May 2019:			
Profit and total comprehensive income for the year	-	3,259,497	3,259,497
Balance at 31 May 2019	2,300,943	28,382,698	30,683,641

IGLU.COM LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MAY 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	23		(3,805,121)		9,537,951
Interest paid			(70,485)		(72,877)
Income taxes paid			(1,305,244)		(95,837)
Net cash (outflow)/inflow from operating activities			(5,180,850)		9,369,237
Investing activities					
Purchase and development of intangible assets		(3,608,582)		(2,203,513)	
Purchase of tangible fixed assets		(361,079)		(266,608)	
Interest received		167,553		139,766	
Net cash used in investing activities			(3,802,108)		(2,330,355)
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(8,982,958)		7,038,882
Cash and cash equivalents at beginning of year			25,906,442		18,867,560
Cash and cash equivalents at end of year			16,923,484		25,906,442

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2019

1 Accounting policies

Company information

IGLU.COM Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 2nd Floor, 165 The Broadway, Wimbledon, London, United Kingdom, SW19 1NE.

The group consists of IGLU.COM Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Prior period restatement

The group has decided to disclose EBITDA before exceptional items and international losses in the current year on the face of the consolidated statement of comprehensive income. The figures for prior year have been restated to maintain comparability. The exceptional costs previously disclosed have therefore reduced by £2,169,125 resulting in an increase to Cost of Sales of £524,227 (reducing gross profit by an equal amount) and an increase to Administrative expenses of £1,644,898. There is no impact on operating profit.

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

1 Accounting policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate those of IGLU.COM Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 May 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The group currently holds an Air Travel Organiser's Licence (ATOL), issued by the Civil Aviation Authority (CAA), which is subject to an annual renewal process leading up to 1 October each year. It is required by the company in order to offer air inclusive holidays to customers. The CAA grants this licence on the basis of meeting agreed financial criteria. IGLU.COM Limited has complied with these requirements during the periods presented and up to the date of signing these financial statements. The directors see no reason why the ATOL will not be renewed in September 2019 on substantially the same terms and conditions as currently agreed with the CAA.

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

1 Accounting policies (Continued)

Turnover

Turnover, excluding value added tax, represents the value of transactions, being cruise, flights and ancillary products in which the group is, for these purposes, regarded as being the principal. Turnover also includes the commission receivable by the group on transactions in which it is regarded as acting as an agent. In all cases, turnover and any associated cost of sales are recognised on the booking date, which the directors consider to be the point where it is probable the economic benefits of the transaction flow to the company.

Gross retail turnover

In order to provide the user of the financial statements with a measure of the gross value of business the gross value of all sales transactions is shown as a memorandum item at the top of the profit and loss account. Total transaction value does not represent statutory turnover in accordance with Section 23 of FRS 102. In the majority of transactions the company acts as an agent. In such cases total transaction value represents the price at which products or services have been sold inclusive of any service fees but excluding commissions paid to third party distributors and any associated sales taxes. In cases where the company does act as principal, total transaction value represents the price at which products or services are sold, net of any value added taxes.

Cancellation provisions

Provision is made for liabilities arising in respect of expected cancellations and other margin movement on holidays booked in the year but not yet departed.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years straight line
----------	-----------------------

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

1 Accounting policies (Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & computer equipment	over 3 to 5 years
---	-------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries, are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts, if any.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

In considering the basis of revenue recognition, management consider that the booking date, and so the date at which a contract is formed with the customer, is the most appropriate.

Revenue is accounted for as principal or as agent depending on whether the company is providing a package holiday, as defined by The Package Travel Regulations in place at the time of booking. When acting as a principal, the full value of the package and associated costs are recognised. When acting as an agent, only the commission earned from the supplier is recognised.

External regulatory requirements

The group currently holds an Air Travel Organiser's Licence (ATOL), issued by the Civil Aviation Authority (CAA), which is subject to an annual renewal process leading up to 1 October each year. It is required by the company in order to offer air inclusive holidays to customers. The CAA grants this licence on the basis of meeting agreed financial criteria. IGLU.COM Limited has complied with these requirements during the periods presented and up to the date of signing these financial statements. The directors see no reason why the ATOL will not be renewed in September 2019 on substantially the same terms and conditions as currently agreed with the CAA.

Capitalised software development

In determining the amounts to be capitalised, management must exercise judgement on the nature of development work undertaken by employees. Expenditure can be capital in nature (relating to the development of new software) or operational in nature (on-going maintenance of software). If the development costs can be attributed to the design and build of identifiable, separable software systems or functions that are expected to generate future economic benefits, they are recognised as intangible assets.

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Goodwill amortisation

Management have estimated that the goodwill recognised on investment in subsidiaries will provide economic benefits for 20 years and have therefore amortised goodwill on this basis.

Cancellation provision

In formulating a provision for the estimated value of revenue that will subsequently be cancelled, management makes judgements that are based on turnover variations and historic cancellation data.

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Commission for acting as agent	22,114,050	20,431,828
Sales value for acting as principal	109,466,990	94,299,767
	<u>131,581,040</u>	<u>114,731,595</u>

	2019 £	2018 £
Other revenue		
Interest income	167,553	139,766
	<u>167,553</u>	<u>139,766</u>

	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	127,869,869	114,034,887
Rest of Europe	3,711,171	696,708
	<u>131,581,040</u>	<u>114,731,595</u>

4 Operating profit

	2019 £	2018 as restated £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(40,276)	16,856
Depreciation of owned tangible fixed assets	283,013	222,059
Loss on disposal of tangible fixed assets	1,146	-
Amortisation of intangible assets	1,695,239	1,025,015
Operating lease charges	449,740	348,779
	<u>449,740</u>	<u>348,779</u>

Separately disclosed items

Within operating profit there are exceptional items in the year of £3,444,857 (2018: £2,169,125) which relate to losses from the international launch (£2,693,426 (2018: £1,723,437)), itinerary changes or cancellations (£614,468 (2018: £408,048)) and other one-off restructuring fees (£136,963 (2018: £37,640)). The losses from the international launch are the cost of entry associated with four new European territories; building brand awareness, increasing market share and developing internal expertise. The itinerary changes are costs arising from one-off operational decisions made by suppliers that are outside the control of the company.

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

5 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Sales & marketing	250	221	250	221
Management & administration	213	185	213	185
	<u>463</u>	<u>406</u>	<u>463</u>	<u>406</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	16,991,614	14,500,304	16,991,614	14,500,304
Social security costs	1,772,969	1,481,560	1,772,969	1,481,560
Pension costs	367,104	199,838	367,104	199,838
	<u>19,131,687</u>	<u>16,181,702</u>	<u>19,131,687</u>	<u>16,181,702</u>

Of the total staff costs, £2,474,665 (2018: £1,676,835) have been capitalised as intangible fixed assets.

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	1,411,629	1,012,219
Company pension contributions to defined contribution schemes	39,463	20,877
	<u>1,451,092</u>	<u>1,033,096</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 10 (2018 - 9).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	265,910	174,566
Company pension contributions to defined contribution schemes	7,600	3,434
	<u>273,510</u>	<u>178,000</u>

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

7 Auditors' remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	36,600	35,500
Audit of the company's subsidiaries	4,100	4,000
	<u>40,700</u>	<u>39,500</u>
For other services		
Taxation compliance services	5,400	5,235
All other non-audit services	13,420	13,750
	<u>18,820</u>	<u>18,985</u>

8 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	42,553	14,766
Interest receivable from group companies	125,000	125,000
	<u>167,553</u>	<u>139,766</u>

Interest on financial assets not measured at fair value through profit or loss	<u>167,553</u>	<u>139,766</u>
--	----------------	----------------

9 Interest payable and similar expenses

	2019	2018
	£	£
Other finance costs:		
Other interest	<u>70,485</u>	<u>72,877</u>

10 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	225,370	797,630
Adjustments in respect of prior periods	(201,727)	7,182
	<u>23,643</u>	<u>804,812</u>

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

10 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	(33,390)	(20,274)
Adjustment in respect of prior periods	121,987	(47)
	<u>88,597</u>	<u>(20,321)</u>
Total deferred tax		
	<u>88,597</u>	<u>(20,321)</u>
Total tax charge	112,240	784,491
	<u>112,240</u>	<u>784,491</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	<u>3,387,925</u>	<u>6,462,097</u>
Expected tax charge based on the effective rate of corporation tax in the UK of 19.00% (2018: 19.00%)	643,706	1,227,798
Tax effect of expenses that are not deductible in determining taxable profit	6,791	8,045
Adjustments in respect of prior years	(201,727)	7,182
Effect of change in corporation tax rate	3,928	2,385
Group relief	(478,930)	(501,741)
Permanent capital allowances in excess of depreciation	35,591	40,869
Research and development tax credit	(19,106)	-
Deferred tax adjustments in respect of prior years	121,987	(47)
	<u>112,240</u>	<u>784,491</u>
Taxation for the year		
	<u>112,240</u>	<u>784,491</u>

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2018 (on 15 March 2018). These include reductions to the main tax rate, to reduce to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

11 Intangible fixed assets

Group	Goodwill £	Software £	Total £
Cost			
At 1 June 2018	2,464,073	5,552,270	8,016,343
Additions	-	3,608,582	3,608,582
Disposals	-	(282,416)	(282,416)
At 31 May 2019	2,464,073	8,878,436	11,342,509
Amortisation and impairment			
At 1 June 2018	616,019	1,811,036	2,427,055
Amortisation charged for the year	123,204	1,572,035	1,695,239
Disposals	-	(282,416)	(282,416)
At 31 May 2019	739,223	3,100,655	3,839,878
Carrying amount			
At 31 May 2019	1,724,850	5,777,781	7,502,631
At 31 May 2018	1,848,054	3,741,234	5,589,288
Company	Goodwill £	Software £	Total £
Cost			
At 1 June 2018	2,787,832	5,552,270	8,340,102
Additions	-	3,608,582	3,608,582
Disposals	-	(282,416)	(282,416)
At 31 May 2019	2,787,832	8,878,436	11,666,268
Amortisation and impairment			
At 1 June 2018	673,728	1,811,036	2,484,764
Amortisation charged for the year	139,392	1,572,035	1,711,427
Disposals	-	(282,416)	(282,416)
At 31 May 2019	813,120	3,100,655	3,913,775
Carrying amount			
At 31 May 2019	1,974,712	5,777,781	7,752,493
At 31 May 2018	2,114,104	3,741,234	5,855,338

The amortisation charge for the year is included in administrative expenses.

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

12 Tangible fixed assets

Group	Fixtures, fittings & computer equipment £
Cost	
At 1 June 2018	1,182,057
Additions	361,079
Disposals	(47,351)
Transfer	100,683
At 31 May 2019	1,596,468
Depreciation and impairment	
At 1 June 2018	813,397
Depreciation charged in the year	283,013
Eliminated in respect of disposals	(46,205)
Transfer	100,683
At 31 May 2019	1,150,888
Carrying amount	
At 31 May 2019	445,580
At 31 May 2018	368,660

The transfer of £100,683 within the group's tangible fixed assets represents an adjustment in respect of a previous period business combination for which the corresponding fixed assets have since been disposed. The adjustment has no net impact on net book value, and aligns the group's and company's tangible fixed asset balances.

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

12 Tangible fixed assets (Continued)

Company	Fixtures, fittings & computer equipment £
Cost	
At 1 June 2018	1,282,740
Additions	361,079
Disposals	(47,351)
At 31 May 2019	1,596,468
Depreciation and impairment	
At 1 June 2018	914,080
Depreciation charged in the year	283,013
Eliminated in respect of disposals	(46,205)
At 31 May 2019	1,150,888
Carrying amount	
At 31 May 2019	445,580
At 31 May 2018	368,660

13 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	14	-	-	56,341	56,341

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost	
At 1 June 2018 and 31 May 2019	276,178
Impairment	
At 1 June 2018 and 31 May 2019	219,837
Carrying amount	
At 31 May 2019	56,341
At 31 May 2018	56,341

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

14 Subsidiaries

Details of the company's subsidiaries at 31 May 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Directly
IGLU.COM Transport Limited	2nd Floor, 165 The Broadway, Wimbledon, London, United Kingdom, SW19 1NE	Transport services	Ordinary	100.00
Planet Cruise Limited *	As above	Not trading	Ordinary	100.00

All companies above denoted with a * are exempt from audit by virtue of Section 479A of the Companies Act 2006. In accordance with Section 479C of the Companies Act 2006, Iglufastnet Limited has provided guarantees over the liabilities of these subsidiaries.

15 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	107,676,001	86,821,022	107,676,001	86,821,022
Corporation tax recoverable	621,364	-	621,364	-
Amounts due from group undertakings	17,585,896	7,138,845	17,668,760	8,224,372
Other debtors	232,412	125,089	232,304	124,981
Prepayments and accrued income	4,320,739	2,727,172	4,320,739	2,727,172
	<u>130,436,412</u>	<u>96,812,128</u>	<u>130,519,168</u>	<u>97,897,547</u>
Amounts falling due after one year:				
Trade debtors	12,782,709	10,058,821	12,782,709	10,058,821
Amounts due from group undertakings	2,500,000	2,500,000	2,500,000	2,500,000
	<u>15,282,709</u>	<u>12,558,821</u>	<u>15,282,709</u>	<u>12,558,821</u>
Total debtors	<u>145,719,121</u>	<u>109,370,949</u>	<u>145,801,877</u>	<u>110,456,368</u>

Of the loans to group undertakings, £2,500,000 (2018: £2,500,000) is due for repayment in 2029 with interest being charged at a rate of 5% per annum.

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

16 Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Trade creditors	124,984,535	100,996,273	124,984,535	100,996,273
Amounts owed to group undertakings	-	25,286	-	25,286
Corporation tax payable	-	660,237	-	660,237
Other taxation and social security	1,152,889	1,293,238	1,152,889	1,293,238
Other creditors	3,884	16,442	3,884	16,442
Accruals and deferred income	1,126,256	1,281,993	1,126,256	1,281,993
	<u>127,267,564</u>	<u>104,273,469</u>	<u>127,267,564</u>	<u>104,273,469</u>

17 Creditors: amounts falling due after more than one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Trade creditors	<u>11,635,191</u>	<u>9,047,990</u>	<u>11,635,191</u>	<u>9,047,990</u>

18 Financial instruments

	2019 £	Group 2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>140,777,018</u>	<u>106,643,777</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>137,749,866</u>	<u>111,367,984</u>

19 Provisions for liabilities

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Cancellation provision		1,124,217	714,318	1,124,217	714,318
Deferred tax liabilities	20	131,497	42,900	131,497	42,900
		<u>1,255,714</u>	<u>757,218</u>	<u>1,255,714</u>	<u>757,218</u>

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

19 Provisions for liabilities (Continued)

Movements on provisions apart from deferred tax liabilities:

Group	Cancellation provision £
At 1 June 2018	714,318
Additional provisions in the year	1,404,217
Utilisation of provision	(994,318)
At 31 May 2019	<u>1,124,217</u>

Company	Cancellation provision £
At 1 June 2018	714,318
Additional provisions in the year	1,404,217
Utilisation of provision	(994,318)
At 31 May 2019	<u>1,124,217</u>

A cancellation provision of £1,124,217 (2018: £714,318) has been recognised for the group and company for expected cancellations and other margin dilution on holidays booked prior to the year end but not yet departed. It is expected that most of this provision will be utilised in the next financial year and all will be incurred within two years of the balance sheet date. No provisions have been recognised in respect of potential disruptions to customer travel.

20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £
Group		
Excess of depreciation over capital allowances	<u>131,497</u>	<u>42,900</u>

	Liabilities 2019 £	Liabilities 2018 £
Company		
Excess of depreciation over capital allowances	<u>131,497</u>	<u>42,900</u>

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

20 Deferred taxation (Continued)

	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 June 2018	42,900	42,900
Charge to profit or loss	88,597	88,597
Liability at 31 May 2019	<u>131,497</u>	<u>131,497</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

21 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>367,104</u>	<u>199,838</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

	Group and company 2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
2,300,943 Ordinary shares of £1 each	<u>2,300,943</u>	<u>2,300,943</u>

The company's Ordinary shares carry full voting, dividend and capital distribution (including on winding up) rights but do not confer any rights of redemption.

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

23 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	3,275,685	5,677,606
Adjustments for:		
Taxation charged	112,240	784,491
Finance costs	70,485	72,877
Investment income	(167,553)	(139,766)
Loss on disposal of tangible fixed assets	1,146	-
Amortisation and impairment of intangible assets	1,695,239	1,025,015
Depreciation and impairment of tangible fixed assets	283,013	222,059
Increase in provisions	409,899	171,809
Movements in working capital:		
(Increase) in debtors	(35,726,808)	(28,294,420)
Increase in creditors	26,241,533	30,018,280
Cash (absorbed by)/generated from operations	(3,805,121)	9,537,951

24 Reserves

Profit and loss reserves

Retained earnings represent cumulative profit and loss net of distribution to owners.

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2019 £	2018 £
Aggregate compensation	1,639,190	1,163,721

IGLU.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2019

26 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for use of its properties and certain equipment.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	422,752	380,667	422,752	380,667
Between one and five years	755,310	966,810	755,310	966,810
In over five years	374,176	483,691	374,176	483,691
	<u>1,552,238</u>	<u>1,831,168</u>	<u>1,552,238</u>	<u>1,831,168</u>

27 Ultimate parent undertaking and ultimate controlling party

The directors consider the ultimate parent undertaking to be Iglufastnet Limited, a private limited company incorporated in the United Kingdom, which is the parent of the largest group for which consolidated accounts including IGLU.COM Limited are prepared. Copies of the consolidated accounts of Iglufastnet Limited can be obtained from its registered office, 2nd Floor, 165 The Broadway, Wimbledon, London, United Kingdom, SW19 1NE.

IGLU.COM Holidays Limited is the immediate parent company by virtue of its ownership of 100% of the share capital of IGLU.COM Limited.

The directors consider there to be no ultimate controlling party.

28 Contingent liabilities and assets

The company had insurance covered ABTA bonds at the year end to the value of £3,081,449 (2018: £2,586,785).

On 31 May 2013, a deed of guarantee was entered into by IGLU.COM Holdco Limited with the CAA on behalf of IGLU.COM Limited. There is no maximum liability under this guarantee. An accession deed was signed by Iglufastnet Limited on 12 June 2015 following the change in ultimate parent undertaking.

The company has other bonds to the value of £2,200,000 (2018: £2,200,000).