

DESTINOLOGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

DESTINOLOGY LIMITED

COMPANY INFORMATION

Directors	Brian Cassidy Rick Green Duncan Wilson
Registered number	04293908
Registered office	42 High Street Northwood Middlesex HA6 1BL
Independent auditors	Simmons Gainsford LLP Chartered Accountants & Statutory Auditors 14th Floor 33 Cavendish Square London W1G 0PW

DESTINOLOGY LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Review of developments and future prospects

The directors present their report and the financial statements for the year ended 31 December 2022. The prior period was for the 17 month period ended 31 December 2021.

During the 17 month period ended 31 December 2021 the Company was acquired into the Brooklyn Travel Group (on 20 October 2020) and the financial period was aligned with that of the Brooklyn Travel Group companies. The 2021 comparative financials include significant accounting adjustments in respect of the pre-acquisition period and accordingly a simple period on period comparison serves no credible purpose.

Since acquisition, the business has been re-modelled and now operates with the objective of growing a significant presence in the long-haul and high-end travel market. The overview results for the year (set against the like for like 12 month comparisons that are used by the Board) are as set out below.

Total Transaction Value ("TTV") for the year is £51,926,862 (2021: £30,460,409). Gross Profit for the year is £7,306,574 (2021: £4,452,470) and EBITDA is £1,209,465 (2021: £5,198,939).

The increase in volumes reflects a Post-Covid general improvement in travel market conditions though, in the main, reflects the success of the strategy to remodel the Company.

In summary, the Board is very satisfied with the trading results for 2022 and believes it has every reason to look forward to a successful 2023 albeit the current economy-wide cost of living pressures, coupled with a significant increase in the cost of long-haul travel, may make volume growth more challenging to achieve in the short term.

Principal risks and uncertainties

The Board meets regularly and evaluates the Company's risk position. The principal risks and uncertainties facing the Company are detailed below.

The operational risk is primarily reliance on supply from tour operators, hoteliers, airlines, and changes in general economic and other business conditions which may adversely affect demand for tourism products.

Liquidity risk – The Company maintains sufficient funds for operational liquidity. The Board considers liquidity risk at Board meetings through monitoring of cash levels and detailed cash flow forecasts. Funding to date has been obtained through operational activities and from parent company.

Foreign currency risk – The Company incurs limited purchases denominated in foreign currencies. The Board considers foreign currency risk at Board meetings and directs an appropriate medium and longer term hedging strategy.

Interest rate risk – To the extent that non-operational finance is required it is organised through the parent company and accordingly no interest rate risk arises.

Management believe the Company can meet key business risks in respect of competition and employee retention.

Geopolitical risk – restrictions, or a loss of confidence, in travel as a result of geopolitical tensions pose a risk to the confidence of the travelling public with an associated adverse impact on the Company. When such issues arise, the Board actively monitor trends in the development of the particular issue, assess the likely impact on customer demand, and seek to maximise the offsetting impact of mitigating actions.

DESTINOLOGY LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Financial key performance indicators

The financial indicators of the company are:

	Year ended 31 December 2022 £	17 months ended 31 December 2021 £	Variance %
Total Transaction Value	51,926,862	30,460,409	70
Gross Profit	7,306,574	4,452,470	64
EBITDA (before management charges)	1,209,465	5,198,939	(77)

This report was approved by the board on 28 March 2023 and signed on its behalf.

Duncan Wilson
Director

DESTINOLOGY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022. The prior period was for 17 month period ended 31 December 2021.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The principal activity of the Company in the period under review was that of a travel agent.

Results and dividends

The profit for the year, after taxation, amounted to £1,149,869 (2021 - £3,887,730).

There were no dividends paid in the year (2021: £Nil).

Directors

The directors who served during the year were:

Brian Cassidy
Rick Green
Duncan Wilson

DESTINOLOGY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Employees and disabled persons

The Company is committed to a policy of recruitment and promotion on the basis of aptitude without discrimination of any kind. Management actively pursue both the employment of disabled persons whenever suitable vacancies arise and the continued employment and retraining of employees who become disabled whilst employed by the Company.

The Company's policy is to consult and discuss with employees matters likely to affect employee's interests. Information on matters of concern to employees is given through information bulletins and face-to-face meetings with management. Information on the Company's performance is maintained through a regular newsletter and bi-annual conferences. The Performance and Development Review process ensure employees are made aware of their individual contribution to the business.

Matters covered in the Strategic report

Management's review of developments and future prospects and principal risks and uncertainties are included in the Strategic Report.

Disclosure of information to auditors

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

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

Auditors

The auditors, Simmons Gainsford LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 March 2023 and signed on its behalf.

Duncan Wilson

Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESTINOLOGY LIMITED

Opinion

We have audited the financial statements of Destinology Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 Company's affairs as at 31 December 2022 and of its 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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 DESTINOLOGY LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and 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.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESTINOLOGY LIMITED (CONTINUED)

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:

In order to identify and assess the risks of material misstatements, including fraud and non-compliance with laws and regulations that could be expected to have a material impact on the financial statements, we have considered:

- the results of our enquiries of management and those charged with governance of their assessment of the risks of fraud and irregularities;
- the nature of the Company, including its management structure and control systems (including the opportunity for management to override such controls);
- management's incentives and opportunities for fraudulent manipulation of the financial statements including the Company's remuneration and bonus policies and performance targets; and
- the industry and environment in which it operates.

We also considered UK tax and pension legislation and laws and regulations relating to employment and the preparation and presentation of the financial statements such as the Companies Act 2006.

Based on this understanding we identified the following matters as being of significance to the entity:

- laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, Company Law, tax and pension legislation, distributable profits legislation, CAA, ABTA and IATA regulations;
- the timing of the recognition of commercial income;
- management bias in selecting accounting policies and determining estimates; and
- recoverability of debtors.

We communicated the outcomes of these discussions and enquiries, as well as consideration as to where and how fraud may occur in the entity, to all engagement team members.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised:

- enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations;

- enquiries with the same concerning any actual or potential litigation or claims;
- discussion with the same regarding any known or suspected instances of non-compliance with laws and regulation and fraud;
- assessment of matters reported to management and the result of the subsequent investigation;
- obtaining an understanding of the relevant controls during the period;
- obtaining an understanding of the policies and controls over the recognition of income and testing their implementation during the period;
- review documentation relating to compliance with the regulations relating to health and safety including health and safety certificates; and fire assessment reports;

DESTINOLOGY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESTINOLOGY LIMITED (CONTINUED)

- review documentation relating to compliance with the regulations relating to the CAA; ABTA; and IATA including CAA and ABTA returns;
- challenging assumptions made by management in their specific accounting policies and estimates, in particular in relation to booking cancellation provision;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or crediting revenue;
- assessing the recovery of debtors in the period since the balance sheet date and challenging assumptions made by management regarding the recovery of balances which remain outstanding;
- reviewing the financial statements for compliance with the relevant disclosure requirements;
- performing analytical procedures to identify any unusual or unexpected relationships or unexpected movements in account balances which may be indicative of fraud;
- reviewing the correspondence with HMRC; and
- evaluating the underlying business reasons for any unusual transactions.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

Shilen Manek ACA FCCA (Senior statutory auditor)

for and on behalf of
Simmons Gainsford LLP

Chartered Accountants
Statutory Auditors

14th Floor
33 Cavendish Square
London

DESTINOLOGY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 December 2022 £	17 months ended 31 December 2021 £
	Note		
Total Transaction Value	51,926,862	30,460,409	
Turnover	4	51,746,444	30,642,151
Cost of sales		(44,439,870)	(26,189,681)
Gross profit		7,306,574	4,452,470
Administrative expenses		(6,174,179)	(7,590,536)
Exceptional income		-	6,318,137
Other operating income	5	-	507,955
Operating profit	6	1,132,395	3,688,026
Interest receivable and similar income	9	90,441	77
Other finance income		-	46,166
Profit before tax		1,222,836	3,734,269
Tax on profit	10	(72,967)	153,461
Profit for the financial year		1,149,869	3,887,730
Other comprehensive income for the year			
Movement on capital contribution reserves		-	5,748
Other comprehensive income for the year		-	5,748
Total comprehensive income for the year		1,149,869	3,893,478

The notes on pages 12 to 28 form part of these financial statements.

DESTINOLOGY LIMITED
REGISTERED NUMBER: 04293908

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	107,851	21,167
Tangible assets	13	21,507	3,780
		<u>129,358</u>	<u>24,947</u>
Current assets			
Debtors: amounts falling due within one year	14	9,186,602	11,221,116
Cash at bank and in hand	15	7,041,927	4,609,697
		<u>16,228,529</u>	<u>15,830,813</u>
Creditors: amounts falling due within one year	16	(15,191,617)	(15,839,359)
Net current assets/(liabilities)		<u>1,036,912</u>	<u>(8,546)</u>
Total assets less current liabilities		<u>1,166,270</u>	<u>16,401</u>
Net assets		<u><u>1,166,270</u></u>	<u><u>16,401</u></u>
Capital and reserves			
Called up share capital	19	30,000	30,000
Profit and loss account	20	1,136,270	(13,599)
		<u><u>1,166,270</u></u>	<u><u>16,401</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 March 2023.

Brian Cassidy
Director

The notes on pages 12 to 28 form part of these financial statements.

DESTINOLOGY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2022	30,000	(13,599)	16,401
Comprehensive income for the year			
Profit for the year	-	1,149,869	1,149,869
At 31 December 2022	<u>30,000</u>	<u>1,136,270</u>	<u>1,166,270</u>

The notes on pages 12 to 28 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 August 2020 (as previously stated)	30,000	(5,748)	(3,984,613)	(3,960,361)
Prior year adjustment	-	-	83,284	83,284
At 1 August 2020 (as restated)	30,000	(5,748)	(3,901,329)	(3,877,077)
Comprehensive income for the period				
Profit for the period	-	-	3,887,730	3,887,730
Movement on capital contribution reserve	-	5,748	-	5,748
Total comprehensive income for the period	-	5,748	3,887,730	3,893,478
At 31 December 2021	<u>30,000</u>	<u>-</u>	<u>(13,599)</u>	<u>16,401</u>

The notes on pages 12 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

Destinology Limited is a private company limited by shares and is incorporated in England and Wales, registration number 04293908. The address of the registered office is 42 High Street, Northwood, Middlesex, HA6 1BL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Brooklyn Travel Holdings Limited as at 31 December 2022 and these financial statements may be obtained from 42 High Street, Northwood, Middlesex, United Kingdom, HA6 1BL.

2.3 Going concern

The financial statements have been prepared on the Going Concern basis. Management has prepared detailed financial projections that stretch out for 21 months beyond the date of signing of these accounts that support the Going Concern basis of preparation. In these projections assumptions have been made that are supported by recent business trends in turnover and costs and it has been assumed that the negative impacts of the Covid-19 Pandemic have ceased and will not be repeated.

On a group level, a Coronavirus Large Business Interruption Loan that was drawn down in 2020 was, in February 2023, repaid early. Accordingly, should anything such as another Pandemic or something with similar economy-wide characteristics hit the UK it is likely that similar Government support could again be accessed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The Company acts as either an Agent or a Principal when organising a client's holiday. This is typically governed by the contractual and other arrangements between the Company and its various suppliers of airlines, cruises, hoteliers and other tour and holiday operators.

The Company acts as an Agent when it organises a client's holiday on behalf of a third-party holiday operator. In this circumstance, only the related commission, or the difference between the sales to the client and the cost of the services purchased, is accounted for as revenue and not the total transaction value.

The Company acts as a Principal when it assumes all the risks rewards from organising a client's holiday. This is where the Company has control over price setting and over the procurement of the component parts of a holiday package using its own means and resources. The related total transaction value is then accounted for as revenue.

Revenue is recognised on the date of booking.

As explained in note 3, Management also make an estimate, in the form of a provision, of the impact of future booking cancellations to the gross profit margin.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

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

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Pensions

Defined contribution pension plan

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.10 Current and deferred taxation

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

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

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

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

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

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.12 Intangible assets

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 Tangible fixed assets

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 5 years straight line
Fixtures and fittings	- 5 years straight line
Office equipment	- 5 years straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.15 Debtors

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

2.16 Cash and cash equivalents

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

2.17 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.19 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

The preparation of the financial statements in accordance with generally accepted financial accounting principles requires the directors to make critical accounting estimates and judgments that affect the amounts reported in the financial statements and accompanying notes. The key estimates and assumptions that have a significant risk of causing material adjustments to the carrying value of assets and liabilities within the next financial year are goodwill and the provision for future cancellation of bookings.

Goodwill is amortised over an original estimated useful life of 20 years. Such useful life is determined by the assets' ability to continue to generate recurring revenue to the business over the period. The directors continuously review and assess the likelihood of impairment and are of the opinion that the carrying value of goodwill, based on discounted cash flows is appropriate.

The Company's revenue, and as a consequence the gross profit margin, is recognised at the date of booking. Management recognise that clients cancel or amend holiday bookings for a variety of reasons that may be particular to their individual circumstances. As these cancellations may occur in a later accounting period, Management make an estimate of their likelihood and account for this in the form of a provision for future cancellations, which has the effect of a reduction to the gross profit margin. The provision also considers the negative impact to the business of potential travel disruption.

Management estimate the provision for future cancellation of bookings and amendments using historical booking cancellation patterns and gross profit margin data applying certain assumptions and judgements based on their knowledge of the travel industry. Events such as the Covid pandemic which impacted the global travel industry, are extremely rare in occurrence and, as was the case, Covid caused a heightened rate of cancellation over the last couple of years. Management have assumed that the risk of continued impact from Covid is low given pent up demand for travel felt in the industry. Management do not consider it appropriate to provide for the impact to bookings of such unexpected future events until they arise and can be reliably assessed or measured. However, they consider that there could be localised experience of travel disruption to their customers that may occur from time to time and they have included an assumption of this within the provision for future cancellations. Management monitor the adequacy of this provision on a regular basis.

DESTINOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. Turnover

An analysis of turnover by class of business is as follows:

	Year ended 31 December 2022 £	17 months ended 31 December 2021 £
Sales as Principal	51,710,157	30,642,151
Commission sales as Agent	36,287	-
	<u>51,746,444</u>	<u>30,642,151</u>

Analysis of turnover by country of departure:

	Year ended 31 December 2022 £	17 months ended 31 December 2021 £
United Kingdom	51,746,444	30,642,151
	<u>51,746,444</u>	<u>30,642,151</u>

5. Other operating income

	Year ended 31 December 2022 £	17 months ended 31 December 2021 £
Inter-company recharges	-	150,000
Government Job Retention Scheme Claims	-	66,684
Sundry income	-	291,271
	<u>-</u>	<u>507,955</u>

DESTINOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

6. Operating profit

The operating profit is stated after charging:

	Year ended 31 December 2022 £	17 months ended 31 December 2021 £
Tangible fixed assets - depreciation	3,184	408,522
Intangible fixed assets - amortisation	13,886	1,057,391
Operating lease rentals	<u>88,386</u>	<u>125,504</u>

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	Year ended 31 December 2022 £	17 months ended 31 December 2021 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	<u>24,000</u>	<u>22,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

DESTINOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Employees

Staff costs were as follows:

	Year ended 31 December 2022 £	17 months ended 31 December 2021 £
Wages and salaries	3,667,722	3,852,409
Social security costs	388,260	329,644
Cost of defined contribution scheme	91,157	120,977
	<u>4,147,139</u>	<u>4,303,030</u>

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

	Year ended 31 December 2022 No.	17 months ended 31 December 2021 No.
Directors	3	3
Sales	42	28
Operations	35	31
Administrative	20	16
	<u>100</u>	<u>78</u>

9. Interest receivable

	Year ended 31 December 2022 £	17 months ended 31 December 2021 £
Bank interest receivable	90,441	77
	<u>90,441</u>	<u>77</u>

DESTINOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Taxation

	Year ended 31 December 2022 £	17 months ended 31 December 2021 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	72,967	(153,461)
Total deferred tax	<u>72,967</u>	<u>(153,461)</u>
Taxation on profit/(loss) on ordinary activities	<u>72,967</u>	<u>(153,461)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Taxation (continued)**Factors affecting tax charge for the year/period**

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

	Year ended 31 December 2022 £	17 months ended 31 December 2021 £
Profit on ordinary activities before tax	<u>1,222,836</u>	<u>3,734,269</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	232,339	709,511
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	200,817
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,244	-
Capital allowances for year/period in (excess of)/less than depreciation	(1,192)	(20,680)
Adjustments to tax charge in respect of prior periods	76,145	-
Changes in provisions leading to an increase (decrease) in the tax charge	(17)	-
Other tax charge (relief) on exceptional items	-	(1,200,446)
Difference between current and future tax rate	(19,319)	-
Group relief (claimed)/surrendered	(216,233)	157,337
Total tax charge for the year/period	<u><u>72,967</u></u>	<u><u>(153,461)</u></u>

The Company has tax losses of £Nil (2021 - £400,763) carried forward which can be offset against its future taxable profits. A deferred tax asset of £Nil (2021 - £76,145) has been recognised on these tax losses.

Factors that may affect future tax charges

In the March 2021 Budget, it was announced that the Corporation Tax rate will increase to 25% for larger companies from 1 April 2023. A marginal rate will also be applied from this date where profits are between £50,000 and £250,000. The deferred tax asset has been calculated based on the future tax rate of 25%.

DESTINOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Exceptional items

	Year ended 31 December 2022 £	17 months ended 31 December 2021 £
Pre-acquisition write-offs	-	(6,318,137)
	<u>-</u>	<u>(6,318,137)</u>

Exceptional items in the prior period are represented by write-offs of the inter-company balance due by the Company to its former parent undertaking and other assets and liabilities as necessary prior to its sale to the Brooklyn Travel Holdings Limited group.

12. Intangible assets

	Developement costs £	Computer software £	Total £
Cost			
At 1 January 2022	4,173,445	645,630	4,819,075
Additions	-	100,570	100,570
At 31 December 2022	<u>4,173,445</u>	<u>746,200</u>	<u>4,919,645</u>
Amortisation			
At 1 January 2022	4,173,445	624,463	4,797,908
Charge for the year on owned assets	-	13,886	13,886
At 31 December 2022	<u>4,173,445</u>	<u>638,349</u>	<u>4,811,794</u>
Net book value			
At 31 December 2022	<u>-</u>	<u>107,851</u>	<u>107,851</u>
At 31 December 2021	<u>-</u>	<u>21,167</u>	<u>21,167</u>

DESTINOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 January 2022	245,487	396,773	620,529	1,262,789
Additions	-	-	20,911	20,911
At 31 December 2022	245,487	396,773	641,440	1,283,700
Depreciation				
At 1 January 2022	245,487	396,773	616,749	1,259,009
Charge for the year on owned assets	-	-	3,184	3,184
At 31 December 2022	245,487	396,773	619,933	1,262,193
Net book value				
At 31 December 2022	-	-	21,507	21,507
At 31 December 2021	-	-	3,780	3,780

14. Debtors

	2022 £	2021 £
Trade debtors	8,891,969	10,702,210
Other debtors	94,731	112,336
Prepayments and accrued income	96,021	225,337
Deferred taxation	80,494	153,461
Derivative financial instruments	23,387	27,772
	<u>9,186,602</u>	<u>11,221,116</u>

DESTINOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	7,041,927	4,609,697
	<u>7,041,927</u>	<u>4,609,697</u>

16. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	12,828,839	13,708,125
Other taxation and social security	122,272	97,855
Other creditors	1,546,763	1,713,181
Accruals and deferred income	635,152	291,174
Derivative financial instruments	58,591	29,024
	<u>15,191,617</u>	<u>15,839,359</u>

17. Financial instruments

	2022	2021
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	<u>23,387</u>	<u>27,772</u>
Financial liabilities		
Financial liability measured at fair value through profit or loss	<u>(58,591)</u>	<u>(29,024)</u>

Financial assets and liabilities measured at fair value through profit or loss comprise of derivative financial instruments.

The fair value of Destinology's foreign currency forwards and options at the year end date is a net liability of £35,204 (2021: £1,252 net liability). These forward contracts and options are held to hedge the Company's exposure to foreign currencies which are principally US Dollar, Arab Emirate Dirham, Euro, South African Rand, and Thai Baht.

DESTINOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Deferred taxation

	2022 £
At beginning of period	153,461
Charged to profit or loss	(72,967)
At end of period	<u>80,494</u>

The deferred tax asset is made up as follows:

	2022 £	2021 £
Depreciation in excess of capital allowances	74,852	73,640
Tax losses carried forward	-	76,145
Pension liability	5,642	3,676
	<u>80,494</u>	<u>153,461</u>

19. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
3,000,000 (2021 - 3,000,000) Ordinary shares of £0.01 each	<u>30,000</u>	<u>30,000</u>

20. Reserves

Capital contribution reserve

The capital contribution reserve is in respect of contributions from the former ultimate parent company, Saga plc, in relation to share based awards made by it to the Company's employees.

Profit and loss account

The profit & loss account comprises the balance of distributable profits accumulated over the life of the Company.

DESTINOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

21. Contingent liabilities

The Company, together with its fellow group companies, has provided a guarantee over its assets to the Civil Aviation Authority to meet any future obligations and liabilities incurred by the group companies as ATOL license holders.

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The pension cost charge represents contributions payable by the Company to the fund and amounted to £91,157 (2021: £120,977).

Contributions totalling £22,567 (2021: £19,346) were payable to the fund at the balance sheet date and are included in creditors.

23. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	84,844	84,844
Later than 1 year and not later than 5 years	339,376	339,376
Later than 5 years	59,739	144,583
	<u>483,959</u>	<u>568,803</u>

24. Related party transactions

The Company has taken advantage of the exemption available in FRS102 not to disclose transactions entered into between two or more members of a group, as the Company is a wholly owned subsidiary undertaking of the Group to which it is a party to the transactions.

25. Controlling party

The Company was a wholly owned subsidiary of Brooklyn Travel Limited.

The indirect parent undertaking of the Company is Brooklyn Travel Holdings Limited, which is the largest and smallest group to consolidate the Company's results. Both Companies have their registered office at 42 High Street, Northwood, Middlesex, United Kingdom, HA6 1BL.

The parent undertaking of Brooklyn Travel Holdings Limited is Zachary Asset Holdings Limited, a company incorporated in Jersey.

The ultimate controlling party of the group is the Haller family.

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