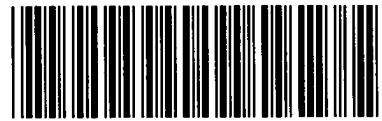


Trek America Travel Limited
Reports of the Directors and financial statements
for the year ended 30 September 2019
Company number 4803471



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COMPANIES HOUSE

The Directors present their Strategic and Directors' Reports on the audited financial statements of Trek America Travel Limited (the "Company") for the year ended 30 September 2019. The Company is a wholly owned subsidiary within the Travelopia Group of companies ("the Group"), headed in the UK by Tim Intermediateco Limited (renamed Travelopia Group Holdings Limited with effect from 1 May 2020).

STRATEGIC REPORT

The Company's principal activity during the year continued to be that of marketing, selling and operating tours, treks and adventure holidays.

Review of the business

The Company's loss on ordinary activities before taxation for the year ended 30 September 2019 was £1,230,000 (2018: £385,000 loss). An interim dividend of £3,258,000 was paid during the year (2018: £nil) and the Directors do not recommend the payment of a final dividend.

To effectively measure the development, performance and position of the Company, the following Key Performance Indicators (KPIs) are of most relevance.

	Year ended 30 September 2019 No./£'000	Year ended 30 September 2018 No./£'000
Number of passengers	4,948	6,100
Revenue	9,515	10,917
Margin per passenger	0.231	0.333
Loss on ordinary activities before taxation	(1,447)	(385)
Net assets	1,581	6,068

During the year passenger numbers were lower, and revenue decreased from 2018. The value of Sterling against the US Dollar continues to make the US a less affordable destination versus previous years especially when taking into account the younger target market. Gross profit decreased to £1,144,000 (2018: £2,031,000). Although there was continued tight control of marketing and overhead costs, the Company returned a loss on ordinary activities before taxation of £1,447,000 (2018: £385,000).

During the year an interim dividend of £3,258,000 was paid out to Trek Investco Limited and a share capital reduction of £7,150,000 took place, reducing the overall share capital down to £50,000 set off against retained earnings. The remaining goodwill balance of £343,000 was also fully impaired down to zero given the Trek America Travel Limited entity will no longer continue to trade past 1 November 2019.

Basis other than that of going concern

On 1 November 2019, the business and assets of the company were acquired by Exodus Travels Limited, a fellow Group company. Trek America Travel now operates as a brand within Exodus Travels Limited. As a result of this decision, on 30 October 2019 trading in Trek America Travel Limited effectively ceased, and therefore the financial statements are prepared on a basis other than that of going concern.

Funding, liquidity and post balance sheet events

At 30 September 2019, the Company had net current assets of £845,000 (2018: £9,823,000) and net assets of £1,581,000 (2018: £11,163,000).

Subsequent to the year end and up to the date of signing these financial statements, the rapid global escalation of the Covid-19 coronavirus from late February 2020 resulting in significant global travel restrictions, has impacted the Company's, the Group's and our suppliers' ability to fully deliver and operate its core products.

The Company and the Group's Directors are monitoring the situation closely, drawing up and implementing plans to mitigate the impact of the operational risks where possible, including cancellation, postponement and rebooking of our holidays, together with numerous cost reduction actions, with the intention of reducing losses and cash outflows subsequently arising. The Group have plans in place for a recovery and return to growth after the impact of the virus but there will be a significant impact on trading and results while global travel restrictions are in place and likely in the immediate period thereafter.

STRATEGIC REPORT (continued)

Funding, liquidity, post balance sheet events, going concern and future developments (continued)

Until the outbreak of Covid-19, the Group was on course to deliver double digit EBITDA (Earnings before interest, tax, depreciation and amortisation) growth against prior year for the year ending 30 September 2020. Whether the Company is able to operate further holidays in the remainder of the year and thereafter will be dependent on a number of factors, including worldwide government travel restrictions, customers' willingness to travel, and the ability of suppliers to provide the required services and as a result, the Company is now forecasting nothing in the way of revenue for the second half of this financial year, other than cancellation revenue, unless travel restrictions start to be lifted.

Principal risks and uncertainties

Set against the evolving macroeconomic environment, the principal risks and uncertainties which are common to the Company are:

- **Destination disruption risk.** Providers of holiday and travel services are exposed to the inherent risk of incidents affecting some countries or destinations within their operations. This can include natural catastrophes such as hurricanes or tsunamis; outbreaks of disease such as Ebola; political volatility as has been seen in Egypt and Greece in recent years; the implications of war in countries close to our source markets and destinations; and terrorist events throughout the world.
- **Consumer preferences and desires.** The tourism industry is fast-paced and competitive with the emergence of new market participants operating new business models, combined with consumer tastes and preferences evolving all the time. In recent years there has been an emergence of successful substitute business models such as web-based travel and hotel portals which allow end users to combine the individual elements of a holiday trip on their own and book them separately. Consumer tastes and preferences have evolved in recent years as well, with more consumers booking their holidays online and via mobiles and tablets, and booking closer to the time of travel. There is the risk that if we do not respond adequately to such business model disruption, or if our products and services fail to meet changing customer demands and preferences, that our turnover, market share and profitability will suffer as a result.
- **Input cost volatility.** A significant proportion of operating expenses is in non-local currency which therefore exposes the business to changes in exchange rates. There is the risk that if we do not manage adequately the volatility of exchange rates and other input costs, then this could result in increased costs and lead to margin erosion, impacting on our ability to achieve profit targets. The Company manages this risk using a hedging policy of taking out options to purchase non-functional currency many months in advance of the underlying transaction, thereby creating an element of certainty over the Company's future cost base. This protects the Company's profit margins, although the accounting policy adopted by the Company will cause volatility in the statement of comprehensive income in the period between the time that the option is purchased and the underlying transaction is recognised.
- **Brexit.** The UK's recent departure from the EU continues to create uncertainty, including foreign exchange rate volatility and the short to medium term outlook for the UK economy. This uncertainty may impact demand for sports tours and events in the Company's UK source market and creates some risk to the financial performance of the Company.

Principal risks and uncertainties (continued)

- **IT development and strategy.** Our focus is on enhancing customer experience by providing engaging, intuitive, seamless and continuous customer service through delivery of leading digital solutions, core platform capabilities, underlying technical infrastructure and IT services required to support the Company's overall strategy for driving profitable top-line growth. There is a risk that we fail to keep up with or outpace the market and evolving consumer preferences, we do not concentrate our activities on the correct areas for overall business success, do not ensure continuity of service for critical IT systems and/or do not execute our strategy and developments in line with expectations, our customer numbers, revenue and profitability will ultimately be impacted.
- **Legal & regulatory compliance.** The Company operates in a highly-regulated environment, particularly in relation to consumer protection, tax, aviation and the environment. If we do not establish an effective system of internal control that ensures we operate in compliance with all legal and regulatory requirements, we will suffer negative impact, damage to our reputation and reduced revenues and/or higher input costs.
- **Health & safety.** For all providers of holiday and travel services, ensuring the health and safety of customers is of paramount importance. There is the risk of accidents occurring causing injury or death to customers or colleagues whilst on one of our holidays. This could result in reputational damage to the Company and/or financial liabilities through legal action being taken by the affected parties.
- **Talent management.** The Company's success depends on its ability to retain key management and it relies on having good relations with its colleagues. If we are unable to attract and retain talent, build future leadership capability and maintain the commitment and trust of our employees, we risk not maximising our operating results and financial performance.
- **Cyber security.** Our responsibility is to protect the confidentiality, integrity and availability of the data we have and the services we provide to our customers, our employees, our suppliers and service delivery teams. There is a risk that our increasing dependence on online sales increases our exposure and susceptibility to cyber-attacks and hacks. If we do not ensure we have the appropriate level of security controls in place across the Company, this could have a significant negative impact on our key stakeholders, e.g. customers and suppliers, associated reputational damage and potential for financial implications.
- **Supply chain risk.** Providers of holiday and travel services are exposed to the inherent risk of failure in their key suppliers.
- **Sustainable development.** Our focus is to reduce the environmental impact of our holidays, creating positive change for people and communities and being a pioneer of sustainable tourism across the world. There is a risk that we are not successful in driving forecast environmental improvements across our operations, that our suppliers do not uphold our sustainability standards and we fail to influence destinations to manage tourism more sustainably. If we do not maximise our positive impact on destinations and minimise the negative impact on the environment to the extent that our stakeholders expect, this could result in a decline in stakeholder confidence, reputational damage, sustained long term damage to the Company's current and future destinations, reduction in demand for our products and services and loss of competitive advantage.

On behalf of the Board



R W Isaacs
Director

Company Number 4803471

Dated 30 June 2020

DIRECTORS' REPORT

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

R Hanson (resigned 2 December 2019)
R Isaacs
S Seward (appointed 2 December 2019)

Directors' insurance

An intermediate parent company, Travelopia Holdings Limited, maintained Directors' and Officers' liability insurance policies on behalf of the Directors of the Company. These policies meet the Companies Act 2006 definition of a qualifying third party indemnity provision.

Statement as to disclosure of information to auditors

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Business review

A fair review of the business, including an analysis of the performance and financial position of the Company, together with details of key performance indicators, dividends, funding and liquidity, future developments and post balance sheet events are included within the Strategic Report.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Reports of the Directors and financial statements in accordance with applicable law and regulations.

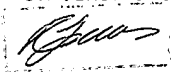
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, 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 Company will continue in business, as explained in note 2 to the financial statements, the directors do not believe the going concern basis to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

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

On behalf of the Board



R W Isaacs

Director

Opinion

We have audited the financial statements of Trek America Travel Limited ("the Company") for the year ended 30 September 2019 which comprise Statement of total comprehensive income, Balance sheet and Statement of changes in equity, and the 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 Financial Reporting Standard 101 *Reduced Disclosure Framework* (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 30 September 2019 and of its loss 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 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.

Emphasis of matter – basis of preparation

We draw attention to Note 2 to the financial statements which explains that the Directors took a decision to sell the trade and assets of the business post year end to a fellow Group Company. Accordingly, the financial statements have been prepared on a basis other than that of going concern as described in Note 2. Our opinion is not modified in this respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Reports of the directors, other than the financial statements and our auditor's report thereon. 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 the audit:

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

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 and Directors' report.

Trek America Travel Limited
Independent auditors' report to the members of Exodus Travels Limited

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 Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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:

<https://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.



Dominic Stammers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

30 June 2020

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

Trek America Travel Limited
Statement of total comprehensive income for the year ended 30 September 2019

		Year ended 30 September 2019	Year ended 30 September 2018
	Note	£'000	£'000
Revenue	6	9,515	10,917
Cost of sales		(8,371)	(8,886)
Gross profit		1,144	2,031
Administrative expenses		(2,640)	(2,622)
Operating profit loss		(1,496)	(591)
Finance income	7	49	206
Loss on ordinary activities before taxation	8	(1,447)	(385)
Tax credit	10	217	70
Loss for the financial year attributable to owners of the parent		(1,230)	(315)
Total comprehensive loss for the year attributable to owners of the parent		(1,230)	(315)

As at 1 November 2019 the operations of Trek America Limited were discontinued.

Trek America Travel Limited
Balance sheet as at 30 September 2019

		30 September 2019 £'000	30 September 2018 £'000
	Note		
Non-current assets			
Intangible assets	11	370	816
Property, plant and equipment	12	15	15
Income tax - group relief receivable		259	-
Deferred tax assets	13	92	55
		736	886
Current assets			
Trade and other receivables	14	421	4,371
Derivative financial assets	15	89	54
Income tax – corporation tax recoverable		6	76
Cash and cash equivalents		2,147	2,480
		2,663	6,981
Total assets		3,399	7,867
Current liabilities			
Trade and other payables	16	(1,819)	(1,787)
Derivative financial liabilities	15	-	(12)
		(1,819)	(1,799)
Total liabilities		(1,819)	(1,799)
Net assets		1,580	6,068
Equity			
Called up share capital	17	50	7,200
Profit and loss account		1,530	(1,132)
Total equity attributable to owners of the parent		1,580	6,068

The notes on pages 7 to 21 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 29 June 2020 and signed on its behalf by:



R W Isaacs
Director

Trek America Travel Limited**Statement of changes in equity for the year ended 30 September 2019**

	Note	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 October 2017		7,200	(817)	6,383
Total comprehensive loss for the year		-	(315)	(315)
At 30 September 2018		7,200	(1,132)	6,068
Total comprehensive loss for the year		-	(1,230)	(1,230)
Share capital reduction	17	(7,150)	7,150	-
Dividends paid	18	-	(3,258)	(3,258)
At 30 September 2019		50	1,530	1,580

1. General information

The Company is a private limited company incorporated and domiciled in England. The address of its registered office is Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD. The Company's registered number is 4803471.

The principal activity of the Company continues to be that of a tour operator selling holiday-related services to customers around the world.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and liabilities measured at fair value through profit or loss, on a going concern basis and in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

As described more fully on the Strategic Report on page 1, following the Company's sale of trade and assets on the 1 November 2019 the Directors have prepared the financial statements on a basis other than that of a going concern. There is no material impact of this change in presentation.

FRS 101

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined by Financial Reporting Standard 100 'Application of financial reporting requirements' ("FRS 100") which addresses the financial requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS").

Company continues to use FRS 101 as its basis of accounting. The Company also elected to adopt both the provisions of Statutory Instrument 2015 No.980 'The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015' ("SI 980") which permits the use of the formats prescribed in International Accounting Standard 1 'Presentation of financial statements' ("IAS 1") for the primary statements, as opposed to using the formats prescribed by Companies Act 2006.

Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in the Company's functional currency of Sterling, rounded to the nearest thousand pounds, unless stated otherwise.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the financial years presented, other than where stated.

New and amended standards adopted by the Company

The Company applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of new accounting standards are described below.

(i) IFRS 15 'Revenue from contracts with customers'

The Company adopted IFRS 15 'Revenue from contracts with customers', with a date of initial application of 1 October 2018. As a result, the Company has changed its accounting policies relating to revenue recognition, using the modified retrospective method of adoption. Under this method, the Company elected to apply the Standard to all contracts at the date of initial application. The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings, where material. The comparative information is not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

3. Summary of significant accounting policies (continued)**New and amended standards adopted by the Company (continued)*****Revenue under IAS 11 and IAS 18 in relation to the comparative financial year***

For the financial year ended 30 September 2018, revenue was recognised in the income statement when the significant risks and rewards of ownership had been transferred to the buyer. Revenue in respect of holiday-related services was recognised on the date of departure. No revenue was recognised if there were significant uncertainties regarding recovery of the consideration due or associated costs. Revenue was stated at the contractual value of services provided. Client monies received at the balance sheet date relating to holiday-related services departing after the year end were deferred and included within trade and other payables.

Revenue recognition policy under IFRS 15

The Company recognises revenue from the sale of holiday-related services. Revenue is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Revenue is measured at the fair value of the contractual consideration received or receivable and represents amounts receivable for services in the normal course of business during the accounting period. Revenue is recognised net of discounts, value added tax, and other sales related taxes and is measured as the aggregate amount earned from holiday-related services. Revenue from sale of holiday-related services is comprised of one performance obligation and the transaction price is recognised over the duration of the holiday-related service (taking the time elapsed from departure to return). For the sale of holiday-related services, the Company receives part payment of the holiday-related services by way of a deposit from customers upon booking of the holiday-related service. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised service to the customer and when the customer pays for that service will be one year or less.

The Company has adopted the exemption not to disclose the aggregate amount of the transaction price allocated to partially unsatisfied performance obligations as the contracts have an original expected duration of less than one year.

Impact of adoption of IFRS 15

Where the holiday-related service sold falls within a discrete financial year, there is no difference between the previous and the new accounting policy. However, where a holiday-related service spans across the Company's financial year end of 30 September, revenues and the directly related costs will be recognised over the period of the holiday-related service and hence, across two financial periods. The effect of adopting IFRS 15 as at 1 October 2018 did not have a material effect on the opening balance sheet or on the primary statements for the year ended 30 September 2019.

(ii) IFRS 9 Financial instruments

IFRS 9 'Financial instruments' became effective for the Company on 1 October 2018 and replaces the current requirements of IAS 39 'Financial instruments: recognition and measurement'. The main changes introduced by the new standard are new classification and measurement requirements for certain financial assets, a new expected credit loss model for the impairment of financial assets, revisions to the hedge accounting model, and amendments to disclosures. The changes are generally to be applied retrospectively. Given the nature of the financial assets and liabilities currently held by the Company and its accounting policy for hedging arrangements, the changes have not had a material impact on the financial statements.

3. Summary of significant accounting policies (continued)**Computer software and software in development**

Computer software consists of all software that is not an integral part of the related hardware and is stated at cost less accumulated amortisation and impairment losses.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software platforms controlled by the Company are recognised as intangible assets when the following criteria are met:

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

Other development expenditures that do not meet these criteria, together with costs associated with maintaining computer software programmes, are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation is charged to the statement of total comprehensive income on a straight-line basis over the estimated useful economic life as follows:

Computer software	3 to 5 years
Brand	Indefinite life

Property, plant, equipment and depreciation

Property, plant and equipment are stated at historical purchase cost, including any costs attributable to bringing an asset to its working condition for its intended use, less accumulated depreciation.

Depreciation is charged on a straight-line basis to the residual value over the estimated useful lives of tangible assets which are as follows:

Leasehold improvements	Over the period of the lease
Computer hardware	25% straight line
Expedition vehicles	25% straight line

Useful lives are estimated taking into account the rate of technological change and intensity of use of the assets and are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of non-financial assets

Non-financial assets not subject to amortisation are tested annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of total comprehensive income whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit and loss, and at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

3. Summary of significant accounting policies (continued)**(i) Financial assets at fair value through profit and loss**

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedged. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

(ii) Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's financial assets at amortised cost comprise loans and receivables, and cash in the balance sheet.

Derivative financial instruments and hedging activities

The Company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Changes in the fair value of derivatives are recorded in the statement of total comprehensive income within finance income or finance expense. Changes in the fair value of the hedged asset or liability that are attributable to the hedged risk are also recognised within the statement of total comprehensive income in the category to which they relate.

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets, if not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company recognises a loss allowance for expected credit losses on all receivable balances from customers subsequently measured at amortised cost, using the 'simplified approach' permitted under IFRS 9.

Cash and cash equivalents

Cash comprises cash at bank. The Company does not invest in deposits held on call with banks or other short-term highly liquid investments.

Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from third party suppliers or other Group companies. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. Client monies at the balance sheet date relating to holidays commencing and flights departing after the year end are included as payments received on account within trade and other payables. If the date of departure is in one year or less they are classified as current liabilities, if not, they are presented as non-current liabilities.

Foreign currency translation

Foreign currency transactions are initially translated into the Company's functional currency using the actual rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing on the balance sheet date. Foreign exchange gains and losses resulting from translation to year-end rates are recognised in the statement of total comprehensive income.

Marketing and other direct sales costs

Marketing, advertising and other promotional costs, including those related to the production of brochures, are expensed as expenditure is incurred.

Pensions

The Company participates in the Group Defined Contribution Pension Scheme. Pension liabilities are charged to the statement of total comprehensive income as they fall due.

3. Summary of significant accounting policies (continued)

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

Finance income and finance expense

Finance income recognised in the statement of total comprehensive income mainly comprises gains on the fair value of derivative financial instruments. Finance expense recognised in the statement of total comprehensive income comprises losses on the fair value of derivative financial instruments.

Current and deferred tax

The tax expense for the year comprises current and deferred tax and is recognised in the statement of total comprehensive income. Current tax is the expected tax payable (or recoverable) for the current financial year using the average tax rate for the year. To the extent available, the amount is first recovered from, or surrendered to, other Group companies as group relief.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority.

Called up share capital

Ordinary shares are classified as equity.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved for payment.

4. Reduced disclosures permitted by FRS 101

The Company meets the definition of a qualifying entity of Tim Intermediateco Limited, as defined by FRS 100, as the results of this Company are fully consolidated into the Group financial statements of Tim Intermediateco Limited. Details for obtaining the Group financial statements of Tim Intermediateco Limited can be found in Note 21. Where applicable and required by FRS 101, equivalent disclosures have been provided in the Group's consolidated financial statements in accordance with the Application Guidance to FRS 100. As such, the Company has taken advantage of the following disclosure exemptions as set out in paragraph 8 of FRS 101:

IFRS	Relevant paragraphs of IFRS	Disclosure exemptions taken
IFRS 7 'Financial instruments'	All paragraphs	All disclosure requirements.
IFRS 13 'Fair value measurement'	91 to 99	All disclosure requirements in respect of the valuation techniques and inputs used for the fair value measurement of assets and liabilities.
IAS 1 'Presentation of financial statements'	38	Paragraph 79(a)(iv) of IAS 1; and Paragraph 118(e) of IAS 38 'Intangible assets'.
	38 A to D	Certain additional comparative information.
	10(d) and 111	A statement of cash flows and related information.
	10(f) and 40 A to D	A balance sheet as at the beginning of the preceding financial period when an entity applies an accounting policy retrospectively or when it reclassifies items in its financial statements.
	16	A statement of compliance with all IFRS.
	134 to 136	Information on the Company's objectives, policies and processes for managing capital.
IAS 7 'Statement of cash flows'	All paragraphs	IAS 7 disclosures in full.
IAS 8 'Accounting policies, changes in accounting estimates and errors'	30 and 31	New standards and interpretations that have been issued but which are not yet effective.
IAS 24 'Related party transactions'	17 and the requirements to disclose transactions between two group subsidiaries.	Detailed related party transaction information including key management compensation and transactions with other wholly-owned subsidiaries of the Group.
IFRS 15 'Revenue from contracts with customers'	The requirements of the second sentence of paragraph 110 and paragraphs 113(a) 114, 115, 118, 119(a) to (c), 120 to 127 and 129	Disaggregation of revenue, explanations of significant changes in contract balances, timing of satisfaction of performance obligations, unsatisfied performance obligations, significant judgements in the application of the standard.

5. Critical accounting estimates and judgments

The preparation of financial statements in conformity with FRS 101 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The Directors do not consider there to be any critical accounting estimates or judgments that could materially alter the performance or position of the Company in the coming year.

6. Revenue

The Company has one class of business, namely the marketing, selling and operation of tours, treks and adventure holidays. Revenue is analysed by geographical location (source market):

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
UK and Ireland	6,275	6,725
Europe	1,108	1,467
Rest of the World	2,132	2,725
	<u>9,515</u>	<u>10,917</u>

7. Finance income

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Bank interest income	2	4
Gains on derivative financial instruments	47	202
	<u>49</u>	<u>206</u>

8. Loss on ordinary activities before taxation

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation and impairment of intangible assets	523	137
Depreciation on property, plant and equipment	73	18
Foreign exchange (gains)/losses	(195)	99

Auditors' remuneration was as follows:

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Fees for the audit of the Company	11	24
Other services	-	5
Total fees paid to the Company's auditor	<u>11</u>	<u>29</u>

9. Employees and Directors

Employee costs for the Company during the year were:

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Wages and salaries	698	829
Social security costs	57	74
Other pension costs	35	33
	<u>790</u>	<u>936</u>

9. Employees and Directors (continued)

The average number of persons (including Directors) employed by the Company during the year was:

	Year ended 30 September 2019 Number	Year ended 30 September 2018 Number
Administration and management	<u>13</u>	<u>18</u>

The details of Directors' remuneration are as follows:

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Directors' remuneration	115	94
Pension contributions	11	9
	<u>126</u>	<u>103</u>

Retirement benefits are accruing to one Director under the Group Defined Contribution Pension Scheme (2018: one).

The other two (2018: two) Directors received no remuneration for their services as Directors of the Company (2018: £nil).

10. Tax (credit)/expense

The tax (credit) can be summarised as follows:

(i) Analysis of tax (credit) in the year

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Current tax:		
Amounts payable to fellow subsidiaries for group relief	(181)	(78)
Adjustment in respect of prior periods	-	18
Total current tax	<u>(181)</u>	<u>(60)</u>
Deferred tax:		
Origination and reversal of temporary differences	(29)	5
Adjustment in respect of prior periods	-	(15)
Effect of change in tax rate	(7)	-
Total deferred tax (Note 13)	<u>(36)</u>	<u>(10)</u>
Total tax (credit) in the statement of total comprehensive income	<u>(217)</u>	<u>(70)</u>

10. Tax (credit)/expense (continued)

(ii) Factors affecting the tax (credit) in the year

The tax credit (2018: credit) for the year ended 30 September 2019 is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19.0% (2018: 19.5%). The differences are shown in the table below:

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Loss on ordinary activities before taxation	(1,447)	(385)
Loss on ordinary activities multiplied by the effective standard rate of UK corporation tax of 19.0% (2018: 19.5%)	(275)	(73)
Effects of:		
- Expenses not deductible	-	1
- Adjustments in respect of prior years	(7)	2
- Re-measurement of deferred tax – change in UK tax rate	-	-
- Non qualifying asset	65	-
Total tax (credit) in the statement of total comprehensive income	(217)	(70)

(iii) Factors affecting the future tax charge

The rate of taxation is expected to follow the standard rate of UK corporate tax in future periods.

11. Intangible assets

	Goodwill £'000	Computer software £'000	Total £'000
Cost:			
At 1 October 2018	791	1,345	2,136
Additions	-	77	77
At 30 September 2019	791	1,422	2,213
Accumulated amortisation and impairment:			
At 1 October 2018	448	872	1,320
Amortisation and impairment charge for the year	343	180	523
At 30 September 2019	791	1,052	1,843
Net book value:			
At 30 September 2019	-	370	370
At 30 September 2018	343	473	816

On 30 September 2019, an agreement was made for Exodus Travels Limited to acquire the trade and net assets of Trek America Travel Limited at 1st November 2019. Following the agreement to sell the trade and assets of the Company to a fellow group company, the remaining balance of goodwill has been fully impaired

12. Property, plant and equipment

	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost:				
At 1 October 2018	54	29	115	198
Additions	-	-	73	73
At 30 September 2019	54	29	188	271
Accumulated depreciation:				
At 1 October 2018	53	27	103	183
Charge for the year	1	2	70	73
At 30 September 2019	54	29	173	256
Net book value:				
At 30 September 2019	-	-	15	15
At 30 September 2018	1	2	12	15

13. Deferred tax assets and liabilities

	30 September 2019 Assets/ (Liabilities) £'000	30 September 2018 Assets/ (Liabilities) £'000
Depreciation in excess of capital allowances	109	64
Financial instruments	(17)	(8)
Net deferred tax assets	92	56

The amount of deferred tax expected to reverse within one year is as follows:

	30 September 2019 £'000	30 September 2018 £'000
Deferred tax assets due within one year		
Deferred tax liabilities due within one year	(17)	(8)
Total deferred tax liabilities due within one year	(17)	(8)

Movements in deferred taxation during the current year are analysed as follows:

Deferred tax assets and liabilities	Depreciation in excess of capital allowances £'000	Financial instruments £'000	Total £'000
At 1 October 2017	18	27	45
(Charged)/credited to the statement of total comprehensive income	46	(35)	9
At 30 September 2018	64	(8)	56
Credited/(charged) to the statement of total comprehensive income	45	(9)	36
At 30 September 2019	109	(17)	(92)

Depreciation in excess of capital allowances principally relates to timing differences in respect of computer software and property, plant and equipment. Financial instruments temporary differences arise in respect of financial instruments accounted for under IAS 39. There are no unrecognised deferred tax assets nor un-provided deferred tax liabilities at either 30 September 2019 or 30 September 2018.

14. Trade and other receivables

	30 September 2019 £'000	30 September 2018 £'000
Trade receivables	244	484
Amounts due from Group undertakings	40	3,486
Other receivables	34	274
Prepayments and accrued income	103	127
	<u>421</u>	<u>4,371</u>

Amounts due from Group undertakings

Amounts due from Group undertakings are unsecured, bear no interest and are repayable on demand.

15. Derivative financial instruments

	30 September 2019		30 September 2018	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Forward foreign exchange contracts - cash flow hedges	89	-	54	12
Total and current portion	<u>89</u>	<u>-</u>	<u>54</u>	<u>12</u>

Fair value measurements

Derivatives are valued in the market using discounted cash flow techniques. These techniques incorporate observable prices in active markets, such as interest rates and foreign currency exchange rates. These market-based inputs are used in the discounted cash flow calculation incorporating the instrument's term, notional amount, volatility and discount rate.

Forward foreign exchange contracts are used by the Company to mitigate against the risk of adverse foreign exchange losses on future expected payments to overseas hoteliers and other non-UK based suppliers.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months.

The amount recognised in the statement of comprehensive income that arises from hedges amounts to a profit of £47,000 (2018: £202,000).

16. Trade and other payables

	30 September 2019 £'000	30 September 2018 £'000
Trade payables	3	40
Amounts due to Group undertakings	773	1,002
Accruals and Payments received on account	1,043	745
	<u>1,819</u>	<u>1,787</u>

Amounts due to Group undertakings

Amounts due to Group undertakings are unsecured, bear no interest and are repayable on demand.

17. Called up share capital

	30 September 2019 £'000	30 September 2018 £'000
Issued, allotted, and fully paid		
50,000 (2018: 7,200,000) ordinary shares of £1.00 each	<u>50</u>	<u>7,200</u>

On 1 May 2019, Trek America Travel's share capital was reduced from 7,200,000 ordinary shares to 50,000 ordinary shares by cancelling in full 7,150,000 ordinary shares and transferring the amount paid up to the company's profit and loss reserve account.

18. Dividends paid

	Year ended 30 September 2019 £000	Year ended 30 September 2018 £000
Ordinary interim dividend paid	<u>3,258</u>	<u>-</u>

The Company paid an interim dividend of £65.00 (2018: nil) per ordinary share during the year in cash totalling of £3,258,000 to its sole shareholder, Trek Investco Limited.

19. Contingent Liabilities

In September 2017, the Company entered into a cross guarantee between certain Group companies with Barclays Bank PLC in respect of the Group's overdraft facility for its UK Sterling denominated bank accounts. As at 30 September 2019, the total liability for which the Company is a cross guarantor amounted to £3.7m (2018: £nil).

20. Post balance sheet events

Acquisition of Trek America Travel Limited

At 1 November 2019, the trade and net assets of Trek America Travel Limited were acquired by Exodus Travels Limited, a fellow Group company, for consideration of £1,706,000 being the book value of its net assets. Trek America now operates as a brand within Exodus Travels Limited.

COVID-19

Subsequent to the year end and up to the date of signing these financial statements, the rapid global escalation of the Covid-19 coronavirus from late February 2020 resulting in significant global travel restrictions, has impacted the Group's and our suppliers' ability to fully deliver and operate its core products. However, given the trade of Trek America Travel Limited was acquired by Exodus Travels at 1 November 2019, this event has had no material impact on the financial statements of Trek America Travel Limited.

21. Ultimate parent company and controlling party

The ultimate controlling party of the Company is KKR & Co Inc., on behalf of funds under its management. The immediate parent company is Trek Investco Limited.

The smallest and largest group in which the results of the Company are consolidated is that headed by Tim Intermediateco Limited. Copies of the Tim Intermediateco Limited financial statements are available from the Company Secretary, Travelopia Holdings Limited, Origin One, 108 High Street, Crawley, West Sussex, RH10 1BD. No other financial statements include the results of the Company.