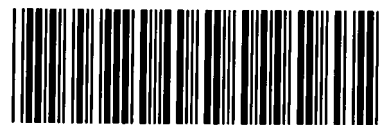


**Trek America Travel Limited**  
**Reports of the Directors and financial statements**  
**for the year ended 30 September 2017**  
**Company number 4803471**

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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 2017.

### **STRATEGIC REPORT**

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

On 15 June 2017, TUI AG, the former ultimate parent company, sold the Travelopia Group of companies ("The Group"), of which the Company is part of, to private equity firm KKR & Co L.P, which became the new ultimate controlling party.

### **Review of the business and restatement of prior years' results**

The Company's loss on ordinary activities before taxation for the year ended 30 September 2017 was £145,000 (2016 restated: £229,000 profit). No dividends were paid during the year (2016: £nil) and the Directors are unable to recommend the payment of a final dividend.

### **Restatement of prior years' results**

Subsequent to the year end, the Directors have uncovered errors in the financial statements for the two years ending 30 September 2015 and 30 September 2016. The errors have arisen as a result of the reconciliation between the reservation system and underlying financial accounting system, which has led to the overstatement of revenues and understatement of client deposits (presented within payments received on account) in trade and other payables. As a result, the Company has restated its results and balance sheets for the years ending 30 September 2015 and 30 September 2016.

The adjustments to the results are non-cash in nature and have no impact on the Group's cash or net debt position. The tax charge for both years has also been restated.

The total impact is summarised in the table below:

	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000	Total £'000
Revenue and profit before tax	(135)	(157)	(292)
Reduction in tax expense	27	32	59
Net impact on equity	<u>(108)</u>	<u>(125)</u>	<u>(233)</u>

Further details of this restatement are provided in Note 2 of these financial statements.

### **Review of the business**

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 2017 No./£'000	Year ended 30 September 2016 No./£'000
Number of passengers	6,973	7,635
Revenue (restated)	12,018	12,991
Margin per passenger (restated)	0.268	0.259
(Loss)/profit on ordinary activities before taxation (restated)	(145)	229
Net assets (restated)	<u>6,383</u>	<u>6,506</u>

During the year passenger numbers were lower, and revenue decreased from 2016. The value of sterling against the US Dollar continues to make the US a less affordable destination versus previous years, this resulted in a reduced gross profit of £1,870,000 (2016 restated: £1,974,000). Although there was continued tight control of marketing and overhead costs, the Company returned a loss on ordinary activities of £145,000 compared to a profit the previous year (2016 restated: £229,000).

## STRATEGIC REPORT (continued)

There were no significant balance sheet movements outside of normal working capital changes to inter-company balances and deposits held in advance.

The outlook is uncertain despite strategic plans being in place for revenue growth by building up the knowledge and expertise of the staff teams and digital investment. It is anticipated that the Company will continue trading primarily as a North American specialist operator, although other destinations are being actively investigated.

### Funding, liquidity and going concern

At 30 September 2017, the Company had net current assets of £5,443,000 (2016 restated: £5,724,000). The Directors have considered the funding and liquidity position of the Company. We have reviewed the cash flow forecasts for the foreseeable future and following this review, the Directors consider it appropriate to continue to prepare the financial statements on the going concern basis.

### Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101")

The Company adopted FRS 101 for the year ended 30 September 2016 and continues to use this basis of accounting.

### Principal risks and uncertainties

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

- **Health and Safety.** 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 employees whilst on one of our holidays, which the Company strives to mitigate. Incidents could potentially result in reputational damage to either the Company and / or one of its Brands, and also have financial consequences. Insurance policies are in place in the event that incidents occur. The Company is committed to ensuring the health and safety of all of its customers and anyone engaged with its business activities and to providing a safe and suitable environment for all customers. In recognition of the importance to the Group, the Board of Directors and associated Risk Management Committee ensure all key priorities are regularly considered and reviewed, with minimum standards put in place across the Group. The Group's central Health and Safety team report directly to the Group's Chief Executive Officer, ensuring that health & safety is given adequate profile throughout the organisation and instilled within the company's culture.
- **Market risk.** The company relies heavily on the desire of its UK and US customer base to take experiential and tailor-made holidays. Spending on travel and tourism is discretionary and, more often than not, price sensitive, with the economic outlook in the UK remaining uncertain as a result of ongoing Brexit negotiations. Changes in macroeconomic conditions can affect spending power of consumers leading to margin erosion as well as leading to exchange rate fluctuations. Terrorism can also effect demand on source markets. 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. More consumers are booking their holidays online 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 revenues and profitability will suffer as a result. We continue to develop unique and exclusive holidays to match the needs of our customers. The Directors continue to monitor these performance indicators to ensure an acceptable return is achieved and that the future performance of the business continues to show growth.
- **Brexit.** The UK's EU Membership referendum decision to leave the EU has increased uncertainty, particularly to foreign exchange rates and the short to medium term outlook for the UK economy. There is a risk that this uncertainty could reduce demand for overseas holidays in the UK source market and adversely impact on the financial performance of the Company.
- **Destination disruption.** Providers of holiday and experiential trips are exposed to the inherent risk of domestic and international incidents affecting operations at those destinations. This includes natural catastrophes such as Hurricane Irma. Destination disruption can also include outbreaks of disease, war, political instability and terrorism. These events can cause significant operational disruption and costs to

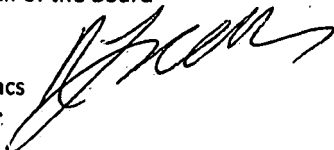
**STRATEGIC REPORT (continued)**

our business. No catastrophe like this can be actively prevented, but the financial risk on the Company is mitigated via insurance of assets and some operational losses. We follow the UK Government's Foreign Office advice in our source markets with regards to non-essential travel to minimise the exposure of our customers.

- **Legal and regulatory compliance.** The Company operates across a range of economies and jurisdictions, which exposes us to a range of legal, tax and other regulatory laws, which must be complied with. Failure to comply results in fines or sanctions from regulatory bodies. For example the Company sells holidays under licences granted by regulatory bodies in the relevant source markets, such as the Civil Aviation Authority in the UK. The licences require us to comply with legal travel regulations, including for the ATOL licence, the requirement to hold a minimum amount of cash compared to client deposits throughout the year. Failure to do so could result in the removal of the licence. We have a Group Legal Compliance team who monitor compliance with laws and regulations and provide expert advice to businesses on specific areas.
- **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 IT systems become exposed and susceptible to cyber-attacks and hacks. If we do not ensure we have the appropriate level of security controls in place across the Group, we could see a significant level of damage to our IT systems, including the ability to sell or provide holidays and maintain customer's data protection, causing significant reputational damage and adverse financial implications. We continuously review, test and monitor to identify potential threats as and when they arise.
- **Technology risk.** Online reservation systems, websites and platforms form a significant part of the ability to build, develop and sell products. The Company will be upgrading or overhauling existing technologies and investing into new technologies to enhance the Company's products and services. Failure to successfully implement new IT systems will significantly impact our competitiveness, quality of customer experience and operational efficiency. This would be detrimental to the Company's profitability, in terms of lost bookings, significant cash outflows and asset impairments.

On behalf of the Board

R W Isaacs  
Director



Company Number 4803471

Dated 27 March 2018

## **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:

P J Burrell	(resigned 23 January 2018)
R Hanson	
H B Lagerweij	(resigned 31 August 2017)

R Isaacs was also appointed as a Director on 23 January 2018.

### **Directors' insurance**

Throughout the financial year until 15 June 2017, TUI AG maintained Directors' and Officers' liability insurance policies on behalf of the Directors of the Company. From 15 June 2017 until the date of approval of these financial statements the ultimate 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;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

**DIRECTORS' REPORT (continued)**

**Statement of Directors' responsibilities (continued)**

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**

Company Number 4803471

Dated 27 March 2018

## **Opinion**

We have audited the financial statements of Trek America Travel Ltd (the 'company') for the year ended 30 September 2017 which comprise statement of total comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 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 30 September 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

## **Conclusions relating to going concern**

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

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

## **Other information**

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

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

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

**Trek America Travel Limited**

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

- 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; or

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, 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**

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.

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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



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

27 March 2018

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 2017**

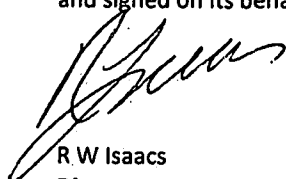
		Year ended 30 September 2017	Year ended 30 September 2016 Restated
	Note	£'000	£'000
Revenue	6	12,018	12,991
Cost of sales		(10,148)	(11,017)
Gross profit		1,870	1,974
Administrative expenses		(1,853)	(1,710)
Operating profit		17	264
Finance income	7	9	7
Finance expense	8	(171)	(42)
(Loss) / profit on ordinary activities before taxation	9	(145)	229
Tax credit / (expense)	11	22	(49)
(Loss) / profit for the financial year attributable to owners of the parent		(123)	180
Total comprehensive (loss) / income for the year attributable to owners of the parent		(123)	180

**Trek America Travel Limited**  
**Balance sheet as at 30 September 2017**

		<b>30 September 2017</b>	<b>30 September 2016 Restated</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>Non-current assets</b>			
Intangible assets	12	866	740
Property, plant and equipment	13	29	30
Deferred tax assets	14	45	12
		<u>940</u>	<u>782</u>
<b>Current assets</b>			
Trade and other receivables	15	3,917	4,134
Derivative financial assets	16	-	11
Income tax – corporation tax recoverable		6	6
Cash and cash equivalents		<u>4,479</u>	<u>4,634</u>
		<u>8,402</u>	<u>8,785</u>
<b>Total assets</b>		<u>9,342</u>	<u>9,567</u>
<b>Current liabilities</b>			
Trade and other payables	17	(2,727)	(3,000)
Income tax – group relief payable		(72)	(61)
Derivative financial liabilities	16	(160)	-
		<u>(2,959)</u>	<u>(3,061)</u>
<b>Total liabilities</b>		<u>(2,959)</u>	<u>(3,061)</u>
<b>Net assets</b>		<u>6,383</u>	<u>6,506</u>
<b>Equity</b>			
Called up share capital	18	7,200	7,200
Profit and loss account		(817)	(694)
<b>Total equity attributable to owners of the parent</b>		<u>6,383</u>	<u>6,506</u>

The notes on pages 11 to 22 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 27 March 2018 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 2017**

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
At 1 October 2015 as previously reported	7,200	(749)	6,451
Restatement (Note 2)	-	(125)	(125)
At 1 October 2015 (restated)	<u>7,200</u>	<u>(874)</u>	<u>6,326</u>
 Total comprehensive income for the year as previously reported	-	288	288
Restatement (Note 2)	-	(108)	(108)
Total comprehensive income for the year (restated)	<u>-</u>	<u>180</u>	<u>180</u>
 At 1 October 2016 as previously reported	7,200	(461)	6,739
Restatement (Note 2)	-	(233)	(233)
At 30 September 2016 (restated)	<u>7,200</u>	<u>(694)</u>	<u>6,506</u>
 Total comprehensive loss for the year	-	(123)	(123)
At 30 September 2017	<u>7,200</u>	<u>(817)</u>	<u>6,383</u>

**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.

On 15 June 2017, TUI AG, the former ultimate parent company, sold the Travelopia Group of companies, of which the Company is part of, to private equity firm KKR & Co L.P., which became the new ultimate controlling party.

**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").

**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").

The Company has elected to adopt FRS 101 for the year ended 30 September 2016. In addition to adopting FRS 101, the Company has also elected to early adopt both the provisions of Statutory Instrument 2015 No.980 'The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015' ("SI 980") and FRS 101 (September 2015) which permit 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.

**Restatement of prior years' results**

Subsequent to the year end, the Directors have uncovered errors in the financial statements for the two years ending 30 September 2015 and 30 September 2016. The errors have arisen as a result of the reconciliation between the reservation system and underlying financial accounting system, which has led to the overstatement of revenues and understatement of client deposits (presented within payments received on account) in trade and other payables. As a result, the Company has restated its results and balance sheets for the years ending 30 September 2015 and 30 September 2016.

The adjustments to the results are non-cash in nature and have no impact on the Group's cash or net debt position. The tax charge for both years has also been restated.

The total impact is summarised in the table below:

	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000	Total £'000
Reduction in revenue and profit before tax/increase in payments received on account	(135)	(157)	(292)
Reduction in tax expense	27	32	59
Net impact on equity	<u>(108)</u>	<u>(125)</u>	<u>(233)</u>

**2. Basis of preparation (continued)**

In restating the opening balance sheet as at 30 September 2015, the comparative balance sheet as at 30 September 2016 and the statement of total comprehensive income for the year ended 30 September 2016, the Company has adjusted amounts previously reported in the Company's financial statement. The 30<sup>th</sup> September 2015 restatement includes an increase in the deferred income of £157,000 and a decrease in the group relief tax payable of £32,000 in the opening balance sheet as at 1<sup>st</sup> October 2015. The 30<sup>th</sup> September 2016 restatement includes an increase in the deferred income of £135,000 and a decrease in the group relief tax payable of £27,000 in the opening balance sheet as at 1<sup>st</sup> October 2016.

**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.

**New and amended standards adopted by the Company**

None of the amendments to accounting standards relevant to the Company are considered material to the Company and hence there has been no impact on these financial statements as a result of adopting the amended standards.

**Goodwill**

Goodwill arose on the acquisition of the trade, assets and liabilities of businesses and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. Goodwill is tested annually for impairment, but is not amortised, in accordance with IFRS 3.

**Computer software**

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.

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
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**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	4 years
Fixtures and fittings	2 years
Computer hardware	3 years
Motor vehicles	4 years

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

**3. Summary of significant accounting policies (continued)**

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.

**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 for services performed in the ordinary course of business from customers and other Group undertakings. 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 less impairment losses.

**Impairment of financial assets**

The Company's financial assets held at amortised cost are assessed at the end of each reporting period for impairment. Impairment losses are incurred only if there is objective evidence of the impairment as a result of one or more events after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the asset that can be reliably estimated.

**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. If payment is expected in one year or less they are classified as current liabilities, if not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

**Customer payments received on account**

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.

**3. Summary of significant accounting policies (continued)**

**Revenue**

The Company has one class of business acting as a tour operator. Revenue originates solely from the rendering of services and represents the aggregate amount of revenue receivable for services supplied in the ordinary course of business. Revenue is measured at the fair value of the consideration received or receivable and is stated net of discounts and value added tax. The Company recognises revenue on the date of departure of the holiday and the related costs of accommodation, transfers and flights are charged to the statement of total comprehensive income on the same basis.

**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's employees participate in a Group defined contribution pension scheme. Pension liabilities are charged to the income statement as they fall due.

**Finance income and finance expense**

Finance income recognised in the statement of total comprehensive income mainly comprises interest receivable on bank accounts. Finance expense recognised in the statement of total comprehensive income mainly comprises losses on derivative financial instruments.

**Called up share capital**

Ordinary shares are classified as equity.

**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.

**Going concern**

In determining if the company is a going concern, the directors have reviewed forecasts for a period of twelve months from the date of approval of these financial statements. The forecasts indicate that the company will continue as a going concern with the current facilities available to it. In addition to this the intermediate parent company, Tim Intermediateco Limited has agreed to provide financial support to the Company in order that it can continue to trade and meet its liabilities as they fall due. It is on that basis the directors consider the going concern basis of preparation to be appropriate.

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 20. 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.



**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 2017 £'000	Year ended 30 September 2016 Restated £'000
UK and Ireland	7,518	7,736
Europe	1,465	1,876
Rest of the World	3,035	3,379
	<b>12,018</b>	<b>12,991</b>

Revenue for the year ended 30 September 2016 has been reduced by £135,000 following the restatement disclosed in Note 2.

**7. Finance income**

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Bank interest income	9	7

**8. Finance expense**

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Loss on derivative financial instruments	171	42

**9. (Loss) / profit on ordinary activities before taxation**

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
(Loss) / profit on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation of intangible assets (included in administrative expenses)	115	55
Depreciation on property, plant and equipment	21	25
Foreign exchange gains	(541)	(479)

**9. (Loss) / profit on ordinary activities before taxation (continued)**

Auditors' remuneration was as follows:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Fees for the audit of the Company	20	16
Other services	5	2
Total fees paid to the Company's auditor	<u>25</u>	<u>18</u>

**10. Employees and Directors**

Employee costs for the Company during the year were:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Wages and salaries	884	791
Social security costs	84	80
Other pension costs	50	35
	<u>1,018</u>	<u>906</u>

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

	Year ended 30 September 2017 Number	Year ended 30 September 2016 Number
Administration and management	<u>20</u>	<u>21</u>

The details of Directors' remuneration are as follows:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 £'000
Directors' remuneration	93	92
Pension contributions	9	9
	<u>102</u>	<u>101</u>

Retirement benefits are accruing to one Director under the Group Defined Contribution Pension Scheme (2016: one).

The other two (2016: two) Directors received no remuneration for their services as Directors of the Company (2016: £nil).

# 11. Tax (credit) / expense

The tax (credit) / expense can be summarised as follows:

## (i) Analysis of tax (credit) / expense in the year

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 Restated £'000
Current tax:		
Amounts payable to fellow subsidiaries for group relief	14	60
Adjustment in respect of prior periods	(3)	(2)
<b>Total current tax</b>	<b>11</b>	<b>58</b>
Deferred tax:		
Origination and reversal of temporary differences	(42)	(13)
Adjustment in respect of prior periods	2	2
Effect of change in tax rate	7	2
<b>Total deferred tax (Note 14)</b>	<b>(33)</b>	<b>(9)</b>
<b>Total tax (credit)/expense in the statement of total comprehensive income</b>	<b>(22)</b>	<b>49</b>

The tax charge for the year ended 30 September 2016 has been reduced by £27,000 following the restatement disclosed in Note 2.

## (ii) Factors affecting the tax (credit)/expense in the year

The tax credit (2016: expense) for the year ended 30 September 2017 is lower than (2016: higher than) the standard rate of corporation tax in the UK of 19.5% (2016: 20.0%). The differences are shown in the table below:

	Year ended 30 September 2017 £'000	Year ended 30 September 2016 Restated £'000
<b>(Loss)/Profit on ordinary activities before taxation</b>	<b>(145)</b>	<b>229</b>
(Loss)/Profit on ordinary activities multiplied by the effective standard rate of UK corporation tax of 19.5% (2016: 20.0%)	(28)	46
Effects of:		
- Expenses not deductible	-	1
- Adjustments in respect of prior years	(1)	-
- Re-measurement of deferred tax – change in UK tax rate	7	2
<b>Total tax (credit)/expense in the statement of total comprehensive income</b>	<b>(22)</b>	<b>49</b>

## (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.

The main UK corporation tax rate will reduce to 17% from 1 April 2020. At 30 September 2017, deferred tax assets and liabilities have been calculated based on the current UK corporation tax rate of 19%, or 17% where the temporary difference is expected to reverse after 1 April 2020. This reduction is also expected to reduce the Company's future current tax accordingly.

**12. Intangible assets**

	Goodwill £'000	Computer software £'000	Total £'000
<b>Cost:</b>			
At 1 October 2016	791	1,086	1,877
Additions	-	241	241
<b>At 30 September 2017</b>	<b>791</b>	<b>1,327</b>	<b>2,118</b>
<b>Accumulated amortisation and impairment:</b>			
At 1 October 2016	448	689	1,137
Amortisation charge for the year	-	115	115
<b>At 30 September 2017</b>	<b>448</b>	<b>804</b>	<b>1,252</b>
<b>Net book value:</b>			
<b>At 30 September 2017</b>	<b>343</b>	<b>523</b>	<b>866</b>
At 30 September 2016	343	397	740

Following the transition to FRS 101 on 1 September 2014, goodwill is no longer amortised. This requirement of IFRS 3 conflicts with Schedule 1 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 ("the Regulations"), which requires acquired goodwill to be written off over its useful economic life. The effect of this departure from the Regulations is that goodwill amortisation of £40,000 (2016: £40,000) that would have been charged to the statement of total comprehensive income in accordance with previous UK GAAP has not been charged to the statement of total comprehensive income in the year such that the profits on ordinary activities before and after taxation is the same amount higher. The cumulative impact of non-amortisation of goodwill on the statement of total comprehensive income and net assets since transition to FRS 101 is £80,000 (2016: £80,000).

**13. Property, plant and equipment**

	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Leasehold improvements £'000	Total £'000
<b>Cost:</b>					
At 1 October 2016	50	29	95	11	185
Additions	3	-	17	-	20
<b>At 30 September 2017</b>	<b>53</b>	<b>29</b>	<b>112</b>	<b>11</b>	<b>205</b>
<b>Accumulated depreciation:</b>					
At 1 October 2016	46	23	80	6	155
Charge for the year	5	2	12	2	21
<b>At 30 September 2017</b>	<b>51</b>	<b>25</b>	<b>92</b>	<b>8</b>	<b>176</b>
<b>Net book value:</b>					
<b>At 30 September 2017</b>	<b>2</b>	<b>4</b>	<b>20</b>	<b>3</b>	<b>29</b>
At 30 September 2016	4	6	15	5	30

14. Deferred tax assets and liabilities

	30 September 2017		30 September 2016	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Depreciation in excess of capital allowances	18	-	20	-
Financial instruments	27	-	-	(2)
Other short-term temporary differences	-	-	-	(6)
	<u>45</u>	<u>-</u>	<u>20</u>	<u>(8)</u>

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

	30 September 2017 £'000	30 September 2016 £'000
Deferred tax assets due within one year	27	-
Deferred tax liabilities due within one year	-	(8)
Total deferred tax liabilities due within one year	<u>27</u>	<u>(8)</u>

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

Deferred tax assets and liabilities	Depreciation in excess of capital allowances £'000	Other short-term temporary differences £'000	Financial instruments £'000	Total £'000
At 1 October 2015	21	(8)	(10)	3
(Charged)/credited to the statement of total comprehensive income	<u>(1)</u>	<u>2</u>	<u>8</u>	<u>9</u>
At 30 September 2016	20	(6)	(2)	12
(Charged)/credited to the statement of total comprehensive income	<u>(2)</u>	<u>6</u>	<u>29</u>	<u>33</u>
At 30 September 2017	<u>18</u>	<u>-</u>	<u>27</u>	<u>45</u>

Depreciation in excess of capital allowances principally relate to timing differences on property, plant and equipment. Other short-term temporary differences relate to the FRS 101 adjustment in respect of goodwill amortisation. Deferred tax liabilities arising on financial instruments 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 2017 or 30 September 2016.

**15. Trade and other receivables**

	30 September 2017 £'000	30 September 2016 £'000
Trade receivables	408	325
Amounts due from Group undertakings	3,279	3,561
Other receivables	42	58
Prepayments and accrued income	188	190
	<b>3,917</b>	<b>4,134</b>

**Amounts due from Group undertakings**

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

**16. Derivative financial instruments**

	30 September 2017		30 September 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Forward foreign exchange contracts - cash flow hedges	-	160	11	-
<b>Total and current portion</b>	<b>-</b>	<b>160</b>	<b>11</b>	<b>-</b>

**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 loss of £171,000 (2016: £42,000).

**17. Trade and other payables**

	30 September 2017 £'000	30 September 2016 Restated £'000
Trade payables	1	2
Amounts due to Group undertakings	1,847	2,118
Accruals	37	28
Payments received on account	842	852
	<b>2,727</b>	<b>3,000</b>

Payments received on account as at 30 September 2016 have been increased by £292,000 following the restatement disclosed in Note 2.

**Amounts due to Group undertakings**

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

**Trek America Travel Limited**  
**Notes to the financial statements for the year ended 30 September 2017**

**18. Called up share capital**

	<b>30 September 2017 £'000</b>	<b>30 September 2016 £'000</b>
<b>Issued, allotted, and fully paid</b>		
7,200,000 (2016: 7,200,000) ordinary shares of £1.00 each	<b>7,200</b>	<b>7,200</b>

**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 2017, the total liability for which the Company is a cross guarantor amounted to £nil.

**20. Ultimate parent company and controlling party**

The ultimate controlling party of the Company is KKR & Co L.P 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.