Registered number: 05676147

# TRAVEL LEADERS GROUP UK LIMITED

## ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2019

## CONTENTS

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | J Oshiokpekhai<br>N Chacko (resigned 9 January 2020)<br>A Taiwo<br>J D O'Hara (appointed 9 January 2020) |
| **Registered number** | 05676147 |
| **Registered office** | 101 St. Martin's Lane<br>London<br>WC2N 4AZ |
| **Independent auditor** | KPMG LLP<br>Chartered Accountants and Statutory Auditor<br>15 Canada Square<br>Canary Wharf<br>London<br>E14 5GL |
| **Bankers** | Barclays Business Banking<br>1 Churchill Place<br>London<br>E14 5HP |

**Business review**

The directors present their annual report for Travel Leaders Group UK Limited for the year ended 31 December 2019.

**Business review**

The principal activity of the Group during the year continued to be as travel agents and tour operators. The Group continued to make progress in developing its travel service for the business community and tailor-made travel arrangements for the more discerning traveller.

During the year the Group made the following acquisitions:
Altour International Limited acquired 60% of Infinity Travel Limited on the 31 January 2019
Acquired the remaining 51% of Altour France on the 31 March 2019
Altour France SARL acquired the entire share capital of Agis Business Travel France on the 17 May 2019

**Performance of the business in the year**

The results for the year and the financial position of the Group are shown in these financial statements. The Group's management are pleased to report a steady performance with growth in turnover and an improvement in the operating profit before amortisation for the period. There has been an increase in investing in the systems of the enlarged Group which will result in a more efficient and effective processes across the Group.

**Key performance indicators**

The Group continues monitoring a number of KPIs in respect of sales, gross profit and cash performance of the Group.

The KPI's during the year were as follows:

| | Dec 19 | Dec 18 |
|---|---|---|
| | £ | £ |
| Total Transaction Value | 243,513,423 | 222,401,500 |
| Gross profit | 21,606,370 | 17,901,488 |
| Cash funds | 10,970,906 | 27,184,732 |

**Travel regulatory bodies**

The Group holds an IATA, ABTA & ATOL licences, which ensures protection to its customers and regulators.

**Principal risk and uncertainties**

The Group is exposed to a variety of business risks. These range from the wider effects of the general economy and external competition to those more specific to the Group, such as its own financial strength, size and reputation. The directors regularly review these risks and their potential impact on the Group with the aid of financial information, management reports and market information. The board focuses on the Group's levels of profitability, liquidity and balance sheet strength.

The main risks and uncertainties facing the Group are:

1) Key supplier management - The risk of losing its major suppliers. Billing and Settlement Plan facility is one of the central areas of its supply of services. The Group ensures that all the reports are reconciled and payments are made in a timely manner. It also makes sure that all the correct procedures are adhered to;

2) Competitive risks - There is always a risk that a new entrant or an existing Group may take business

away, however, the directors believe that they "have their fingers on the pulse" and thereby will take the necessary steps;

3) Credit risk - The Group has been fortunate to have tight credit control management in place. Credit is being phased out as much as possible with clients being encouraged to move to direct debit settlement or alternatively settle by credit card;

4) Liquidity Risk - The risk of shortage of working capital. The directors keep a keen eye on the working capital requirements of the Group, and take appropriate action to ensure that the Group has adequate working capital at all times. The Group has adequate finance in place to cover its short to medium term operations;

5) Business continuity and IT Systems - The risk of failure of the Group's IT Systems and processes. The Group is highly dependent on its IT systems to record and process vast volumes of bookings, financial information and other data. The directors have a policy of constantly updating its software and hardware to ensure that the systems are operating efficiently and are able to cope with the ongoing demands. The systems are regularly backed up to ensure that the Group can continue to function without interruption;

6) Personnel - The success of the Group depends on the management team and skilled staff continuing to provide their services to the Group and its customers. It also needs to continue to attract and motivate staff. The future success of the Group depends on management and staff being able to service its customers well and attracting new opportunities for the Group.

7) Brexit - The Directors have considered the risk of Brexit on the business and do not believe that this will significantly impact the business, as most of the profitability is derived from long haul destinations not impacted by destinations in the European Union.

8) COVID-19 - Along with the rest of the travel industry, the Group has since year end been severely affected by extreme reduction in trading levels as a result of the COVID-19 pandemic. It has put stringent cost saving plans into action and these are outlined in note 31 to these financial statements. Careful consideration has been given to cash flow forecasts and the directors have considered a worst-case scenario where business is not expected to return until the beginning of 2021 and then to recover slowly through the course of 2021. The results of this worst-case scenario might result in some Subsidiaries in the Group utilising some borrowing facilities and reliance on the ultimate parent not to recall the loan is needed.

**Stakeholder engagement (CA s172)**

The Directors of the Group must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006. In delivering our plan to develop the business as a leading travel management company, this has been undertaken through close interaction and regular dialogue with our suppliers, customers, regulators and employees. Our performance is in turn reported and reviewed monthly with our parent company which is also the sole shareholder.

This report was approved by the board on 30 Sept 2020 and signed on its behalf and signed on its behalf.

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**A Taiwo**
Director

101 St. Martin's Lane
London
WC2N 4AZ

Date: 30 September 2020

## DIRECTORS' REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

**Principal activity**

The principal activity of the Group during the year continued to be as travel agents and tour operators.

**Dividends**

The loss for the year, after taxation, amounted to £870,209 (2018 - loss £273,915).

No dividends will be distributed for the year ended 31 December 2019 (2018: £Nil)

**Directors**

The directors who served during the year were:

J Oshiokpekhai
N Chacko (resigned 9 January 2020)
A Taiwo

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the group's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the group's auditor is aware of this information.

**Political contributions**

The Group made no political donations or incurred any political expenditure during the year (2018: nil).

Disclosure of information to auditor

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

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

### Future developments

The directors are confident that the Group will keep on improving its performance by increasing its market share and profitability. Management are in a constant look out for new opportunities and hope that these will be reflected in the following year's results. The impact of COVID-19 will severely impact the performance of the group at least through 2020 and possibly into the first half of 2021, however the directors have considered the impact of this on the going concern of the business and this is documented in more detail in the accounting policy note 1.1.

### Disclosure of information to auditors

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

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

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 30 Sept 2020 and signed on its behalf and signed on its behalf.

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**A Taiwo**
Director

101 St. Martin's Lane
London
WC2N 4AZ

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the Group's profit or loss for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAVEL LEADERS GROUP UK LIMITED

### Opinion

We have audited the financial statements of Travel Leaders Group UK Limited ("the company") for the year ended 31 December 2019 which comprise the Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Material uncertainty related to going concern

We draw attention to note 1.1 to the financial statements which indicates that, based on the forecast prepared by the directors, the Group will be reliant on renewal of its overdraft facility and financial support from its parent company. At the date of approving these financial statements the directors do not have an agreement to renew the overdraft facility and the renewal of the facility is therefore uncertain. In addition, the ability of the ultimate parent undertaking to provide the required support is uncertain. These events and conditions, along with the other matters explained in note 1.1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

KPMG

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAVEL LEADERS GROUP UK LIMITED (continued)

**Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

**The purpose of our audit work and to whom we owe our responsibilities**

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.

**Chrissy Douka (Senior Statutory Auditor)**
**for and on behalf of KPMG LLP, Statutory Auditor**
*Chartered Accountants*
15 Canada Square, London
E14 5GL

30 September 2020

## CONSOLIDATED PROFIT AND LOSS ACCOUNT
## FOR THE YEAR ENDED 31 DECEMBER 2019

| | Note | 2019 £ | 2018 £ |
|---|---|---|---|
| Total Transactional Value | | **243,513,423** | 222,401,500 |
| | | **243,513,423** | 222,401,500 |
| Turnover | 2 | **71,463,580** | 68,367,326 |
| Cost of sales | | **(49,857,210)** | (50,465,838) |
| **Gross profit** | | **21,606,370** | 17,901,488 |
| Administrative expenses | | **(20,796,632)** | (16,298,399) |
| Other operating income | | **25,121** | - |
| **Operating profit** | 3 | **834,859** | 1,603,089 |
| Interest receivable and similar income | 7 | **53,441** | 20,913 |
| Interest payable and similar expenses | 8 | **(880,422)** | (1,309,403) |
| ***Profit before tax*** | | **7,878** | 314,599 |
| Taxation | 9 | **(878,087)** | (588,514) |
| **Loss for the financial year** | | **(870,209)** | (273,915) |
| **Loss for the year attributable to:** | | | |
| Owners of the parent | | **(870,209)** | (273,915) |
| | | **(870,209)** | (273,915) |

The notes on pages 24 to 50 form part of these financial statements.

All transactions are from continuing operations

## CONSOLIDATED OTHER COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2019

| | Note | 2019 £ | 2018 £ |
|---|---|---|---|
| Loss for the financial year | | **(870,209)** | (273,915) |
| ***Other comprehensive income*** | | | |
| Change in ownership: Tandem Limited | | **282,471** | (287,069) |
| **Other comprehensive income for the year** | | **282,471** | (287,069) |
| **Total comprehensive income for the year** | | **(587,738)** | (560,984) |
| ***Loss for the year attributable to:*** | | | |
| **Total comprehensive income attributable to:** | | | |
| Non-controlling interest | | **(89,800)** | - |
| Owners of the parent Company | | **(497,938)** | (560,984) |
| | | **(587,738)** | (560,984) |

The notes on pages 24 to 50 form part of these financial statements.

All transactions are from continuing operations.

## CONSOLIDATED BALANCE SHEET
## AS AT 31 DECEMBER 2019

| | Note | | 2019 £ | | 2018 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 11 | | **32,126,856** | | 26,549,660 |
| Tangible assets | 13 | | **813,669** | | 344,147 |
| Investments | 14 | | **35,102** | | 373,167 |
| | | | **32,975,627** | | 27,266,974 |
| **Current assets** | | | | | |
| Debtors: amounts falling due after more than one year | 15 | **352,506** | | 452,532 | |
| Debtors: amounts falling due within one year | 15 | **14,029,304** | | 14,945,221 | |
| Current asset investments | 16 | **18,579** | | - | |
| Cash at bank and in hand | 17 | **10,970,906** | | 27,184,732 | |
| | | **25,371,295** | | 42,582,485 | |
| Creditors: amounts falling due within one year | 18 | **(24,053,858)** | | (37,966,112) | |
| **Net current assets** | | | **1,317,437** | | 4,616,373 |
| **Total assets less current liabilities** | | | **34,293,064** | | 31,883,347 |
| Creditors: amounts falling due after more than one year | 19 | | **(16,289,093)** | | (13,082,610) |
| **Provisions for liabilities** | | | | | |
| Deferred taxation | 21 | **(82,462)** | | (43,472) | |
| Other provisions | 22 | **-** | | (99,871) | |
| | | | **(82,462)** | | (143,343) |
| **Net assets** | | | **17,921,509** | | 18,657,394 |
| **Net assets** | | | **17,921,509** | | 18,657,394 |

**CONSOLIDATED BALANCE SHEET (CONTINUED)**
**AS AT 31 DECEMBER 2019**

| | Note | 2019 £ | 2018 £ |
|---|---|---|---|
| **Capital and reserves** | | | |
| Called up share capital | 23 | **50,000** | 50,000 |
| Foreign exchange reserve | 24 | **-** | (282,471) |
| Reserves | 24 | **17,671,324** | 17,669,167 |
| Profit and loss account | 24 | **87,083** | 1,220,698 |
| **Equity attributable to owners of the parent Company** | | **17,808,407** | 18,657,394 |
| Non-controlling interests | | **113,102** | - |
| | | **17,921,509** | 18,657,394 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2020

A Taiwo
Director
101 St. Martin's Lane
London
WC2N 4AZ

The notes on pages 24 to 50 form part of these financial statements.

**COMPANY BALANCE SHEET**
**AS AT 31 DECEMBER 2019**

| | Note | | 2019 £ | | 2018 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 13 | | **333,081** | | 144,170 |
| Investments | 14 | | **40,705,291** | | 40,295,118 |
| | | | **41,038,372** | | 40,439,288 |
| **Current assets** | | | | | |
| Debtors: amounts falling due after more than one year | 15 | **352,506** | | 452,532 | |
| Debtors: amounts falling due within one year | 15 | **7,008,293** | | 2,304,634 | |
| Current asset investments | | **18,579** | | - | |
| Cash at bank and in hand | 17 | **1,930,607** | | 18,922,165 | |
| | | **9,309,985** | | 21,679,331 | |
| Creditors: amounts falling due within one year | 18 | **(16,482,429)** | | (30,224,041) | |
| **Net current liabilities** | | | **(7,172,444)** | | (8,544,710) |
| **Total assets less current liabilities** | | | **33,865,928** | | 31,894,578 |
| Creditors: amounts falling due after more than one year | 19 | | **(14,778,294)** | | (13,082,610) |
| **Provisions for liabilities** | | | | | |
| Deferred taxation | 21 | **(30,508)** | | (24,153) | |
| | | | **(30,508)** | | (24,153) |
| **Net assets** | | | **19,057,126** | | 18,787,815 |
| **Net assets** | | | **19,057,126** | | 18,787,815 |

## COMPANY BALANCE SHEET (CONTINUED)
## AS AT 31 DECEMBER 2019

| | Note | | 31 December 2019 £ | | 31 December 2018 £ |
|---|---|---|---|---|---|
| **Capital and reserves** | | | | | |
| Called up share capital | 23 | | **50,000** | | 50,000 |
| Capital contribution | 24 | | **17,669,167** | | 17,669,167 |
| Profit and loss account brought forward | | **1,068,648** | | 749,927 | |
| Profit for the year | | **269,311** | | 318,721 | |
| Profit and loss account carried forward | | | **1,337,959** | | 1,068,648 |
| | | | **19,057,126** | | 18,787,815 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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A Taiwo
Director
101 St. Martins Lane
London
WC2N 4AZ

Date: 30 September 2020

The notes on pages 24 to 50 form part of these financial statements.

Company Registered number : 05676147

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

| | Called up share capital | Other reserve | Capital contribution | Profit and loss account | Equity attributable to owners of parent Company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ |
| At 1 January 2019 | 50,000 | (282,471) | 17,669,167 | 1,220,698 | 18,657,394 | - | 18,657,394 |
| **Comprehensive income for the year** | | | | | | | |
| Loss for the year | - | - | - | (1,120,409) | (1,120,409) | 250,200 | (870,209) |
| Taxation in respect of items of other comprehensive income | - | - | - | (13,206) | (13,206) | - | (13,206) |
| NCI at acquisition - Infinity | - | - | - | - | - | 202,902 | 202,902 |
| Dividends | - | - | - | - | - | (340,000) | (340,000) |
| **Other comprehensive income for the year** | - | - | - | (13,206) | (13,206) | (137,098) | (150,304) |
| **Total comprehensive income for the year** | - | - | - | (1,133,615) | (1,133,615) | 113,102 | (1,020,513) |
| Other movement | - | - | 2,157 | - | 2,157 | - | 2,157 |
| Other movement - Tandem | - | 282,471 | - | - | 282,471 | - | 282,471 |
| **Total transactions with owners** | - | 282,471 | 2,157 | - | 284,628 | - | 284,628 |
| **At 31 December 2019** | 50,000 | - | 17,671,324 | 87,083 | 17,808,407 | 113,102 | 17,921,509 |

The notes on pages 24 to 50 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2018

| | Called up share capital | Other reserve | Capital contribution | Profit and loss account | Equity attributable to owners of parent Company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ |
| At 1 January 2018 | 50,000 | - | 17,669,167 | 1,571,933 | 19,291,100 | 4,598 | 19,295,698 |
| **Comprehensive income for the year** | | | | | | | |
| Loss for the year | - | - | - | (273,915) | (273,915) | - | (273,915) |
| NCI | - | - | - | - | - | (4,598) | (4,598) |
| **Total comprehensive income for the year** | - | - | - | (273,915) | (273,915) | (4,598) | (278,513) |
| Dividends: Equity capital | - | - | - | (77,320) | (77,320) | - | (77,320) |
| Other movement - Tandem | - | (282,471) | - | - | (282,471) | - | (282,471) |
| **At 31 December 2018** | 50,000 | (282,471) | 17,669,167 | 1,220,698 | 18,657,394 | - | 18,657,394 |

The notes on pages 24 to 50 form part of these financial statements.

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

| | Called up share capital | Capital contribution | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 January 2019 | 50,000 | 17,669,167 | 1,068,648 | 18,787,815 |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | 269,311 | 269,311 |
| **Other comprehensive income for the year** | - | - | - | - |
| **Total comprehensive income for the year** | - | - | 269,311 | 269,311 |
| **Total transactions with owners** | - | - | - | - |
| **At 31 December 2019** | 50,000 | 17,669,167 | 1,337,959 | 19,057,126 |

The notes on pages 24 to 50 form part of these financial statements.

## COMPANY STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2018

| | Called up share capital | Capital contribution | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 January 2018 | **50,000** | **17,669,167** | **749,927** | **18,469,094** |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | **318,721** | **318,721** |
| **Other comprehensive income for the year** | - | - | - | - |
| **Total comprehensive income for the year** | - | - | **318,721** | **318,721** |
| **Total transactions with owners** | - | - | - | - |
| **At 31 December 2018** | **50,000** | **17,669,167** | **1,068,648** | **18,787,815** |

The notes on pages 24 to 50 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2019

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss for the financial year | **(870,209)** | (273,915) |
| **Adjustments for:** | | |
| Amortisation of intangible assets | **3,471,449** | 2,833,513 |
| Depreciation of tangible assets | **249,643** | 296,922 |
| Interest paid | **880,420** | 1,309,403 |
| Interest received | **(53,441)** | (20,913) |
| Taxation | **878,087** | 588,514 |
| Decrease in debtors | **1,015,943** | (1,445,823) |
| (Decrease)/increase in creditors | **(729,715)** | 1,348,955 |
| (Decrease)/increase in amounts owed to groups | **(9,977,055)** | 8,120,174 |
| Decrease in provisions | **(99,871)** | - |
| Corporation tax | **8,433** | 180,279 |
| **Net cash (used in)/generated from operating activities** | **(5,226,316)** | 12,937,109 |
| **Cash flows from investing activities** | | |
| Purchase of intangible assets | **(9,048,645)** | - |
| Purchase of tangible fixed assets | **(719,165)** | (206,791) |
| Purchase of investments | **(53,681)** | - |
| Interest received | **53,441** | 20,913 |
| **Net cash used in investing activities** | **(9,768,050)** | (185,878) |

## CONSOLIDATED ANALYSIS OF NET DEBT(CONTINUED)
## FOR THE YEAR ENDED 31 DECEMBER 2019

| | 2019 £ | 2018 £ |
|---|---|---|
| **Cash flows from financing activities** | | |
| Dividends paid | **(340,000)** | (77,320) |
| Interest paid | **(879,460)** | (1,487,917) |
| **Net cash used in financing activities** | **(1,219,460)** | (1,565,237) |
| **Net (decrease)/increase in cash and cash equivalents** | **(16,213,826)** | 11,185,994 |
| Cash and cash equivalents at beginning of year | **27,184,732** | 15,998,738 |
| **Cash and cash equivalents at the end of year** | **10,970,906** | 27,184,732 |
| **Cash and cash equivalents at the end of year comprise:** | | |
| Cash at bank and in hand | **10,970,906** | 27,184,732 |
| | **10,970,906** | 27,184,732 |

The notes on pages 24 to 50 form part of these financial statements.

## 1. Accounting policies

### 1.1 Accounting policies

Travel Leaders Group UK Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 05676147 and the registered address is 101 St. Martin's Lane, London, WC2N 4AZ.

These Group and parent financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")'. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied :

• No separate parent company Cash Flow Statement with related notes is included; and

• Key Management Personnel compensation has not been included a second time.

• Disclosure of transactions between Internova Travel group members.

• Certain disclosures required by FRS 102.26 Share Based Payments; and,

• Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 30.

**Going concern**

Uncertainty due to the recent COVID-19 outbreak has been considered as part of the Group's and Company's adoption of the going concern basis. Business over recent months has been impacted by COVID-19, following guidance provided by various governments around the world whereby travel was almost halted resulted in the cancellation or delay of previously booked travels and a significant reduction in future travels.

At the year end, the Group had net assets of £17.9m (Company: £19.1m) and net current assets of £1.3m (Company: net current liabilities of £7.2m). The Group manages its day to day and medium-term funding requirements through cash balances and a rolling overdraft facility which expires in April 2021. These circumstances notwithstanding, the directors have prepared the financial statements on a going concern basis which they consider to be appropriate for the following reasons.
The global COVID-19 coronavirus pandemic is impacting all businesses. As a result of the pandemic, the nature of the Group's (and the Company's) business is such that in the next twelve months, there is expected to be an unpredictable variation in the value and timing of cash inflows.

## 1. Accounting policies (continued)

**Going concern (continued)**

The Directors have prepared projected cash flow information for the 15 month period to 31 December 2021. These include a base case scenario with reduced travel bookings throughout the forecast period reflecting gradual increases in business as travel restrictions are lifted to 40% and 80% of pre-COVID-19 travel in December 2020 and December 2021, respectively. Appropriate measures have been put in place to reduce the impact on the Group and the Company, including delaying all non-committed capital expenditure, reductions in variable costs such as staffing and reductions to office space and costs.

The Group and the Company have also considered the severe but plausible downside scenario of lockdown extensions and travel restrictions until the end of 2020 along with a slower recovery to pre-COVID-19 levels of travel during 2021.

These forecasts dependent on the renewal of the overdraft facility in April 2021. While the Directors consider that the facility will be renewed based on discussions with the lenders, there can be no certainty that this facility will be renewed on suitable terms. The Directors have also considered the availability of support from the ultimate parent company, Internova Travel Group, LLC ("ITG"). Such support includes non-redemption of the intercompany debt of £14,778,294 due from the Group (and the Company) to ITG as at 31 December 2019 for the forecasted period and providing additional financial support in the downside scenario and in the event the overdraft facility is not renewed. While the directors have received written indications of support from ITG, ITG itself will need to secure new financing in order to be able to support the Group and Company. There is therefore no certainty that ITG will have the ability to provide the support required by the Group and the Company. Based on these indications the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the Directors acknowledge that these circumstances represent a material uncertainty and that should the support mentioned above not be forthcoming, that significant doubt may be cast on the Group's and the Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

### 1.2 Measurement convention

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

### 1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

In the parent financial statements, investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

## 1. Accounting policies (continued)

### 1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, [Sterling], at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

### 1.5 Revenue

Turnover represents amounts earned during the year from transaction fees, management fees, commissions receivable, and other income in accordance with contractual arrangements, exclusive of Value Added Tax.

Revenue from the rendering of services is measured at the point when risk of the service transaction is transferred in the reporting period provided that the outcome can be reliably estimated. This is the booking date in all entities, where we act as an Agent, apart from Colletts Travel Ltd where it is the travel date as we act as the Principal. Commission income is recognised in its entirety as the risk is carried, in full, by each entity.

When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

1. **Accounting policies (continued)**

**1.6 Impairment excluding deferred tax assets**

**Financial assets (including trade and other debtors)**
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financialasset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Non-financial assets**
The carryin g amoun ts of the entity's n on -fin an cialassets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannotbe tested individually are grouped together into the smallest group of assets that generates cash inflows from continuinguse that are largely independentof the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to in dividual CGUs or groups of CGUs on a non-arbitrary basis, the impairmen t of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has beenintegrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.
An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.
Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1. ***Accounting policies (continued)***

**1.7 Operating leases: the Group as lessee**

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

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

**1.8 Interest receivable and similar income**

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

**1.9 Interest payable and similar expenses**

Interest payable and similar expenses are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.10 Pensions**

**Defined contribution pension plan**

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

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

1. **Accounting policies (continued)**

**1.11 Current and deferred taxation**

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that theywill be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

**1.12 Intangible assets**

**Goodwill (Group)**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the profit and loss account over its useful economic life. The finite useful life of goodwill is estimated to be between 10 to 14 years.

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

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use.

## 1. Accounting policies (continued)

### 1.13 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

| | |
|---|---|
| Improvements to property | - 20% straight line |
| Plant and machinery | - 25% straight line |
| Fixtures and fittings | - 33.3% straight line |
| Computer equipment | - 33.3% straight line |

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

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

### 1.14 Valuation of investments

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

### 1.15 Associates and joint ventures

An entity is treated as a joint venture where the group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

### 1.16 Debtors

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

## 1. Accounting policies (continued)

### 1.17 Cash and cash equivalents

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

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

### 1.18 Creditors

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

### 1.19 Provisions for liabilities

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

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

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

### 1.20 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:
• the fair value of the consideration (excluding contingent consideration) transferred; plus
• estimated amount of contingent consideration (see below); plus
• the fair value of the equity instruments issued; plus
• directly attributable transaction costs; less
• the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

## 2. Turnover

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

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Total Transaction Value | **243,513,423** | 222,401,500 |
| Cost before third party payments and merchant fees | **172,049,843** | 154,034,174 |
| | **71,463,580** | 68,367,326 |

Analysis of turnover by country of destination:

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| United Kingdom | **69,281,271** | 68,367,326 |
| Rest of Europe | **2,182,309** | - |
| | **71,463,580** | 68,367,326 |

## 3. Operating profit

The operating profit is stated after charges/(gains):

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Depreciation of tangible fixed assets | **249,643** | 296,922 |
| Amortisation of intangible assets | **3,260,636** | 2,833,513 |
| Exchange differences | **470,829** | 522,364 |
| Defined contribution pension cost | **229,179** | 132,771 |
| Operating lease payments | **589,595** | 348,483 |

## 4. Auditors' remuneration

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Fees payable to the Group's auditor and its subsidiaries for the audit of the Group's annual financial statements | **248,872** | 121,800 |

## 5. Employees

Staff costs, including directors' remuneration, were as follows:

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Wages and salaries | **8,326,114** | 7,964,492 | **1,046,603** | 1,001,716 |
| Social security costs | **942,757** | 857,812 | **159,514** | 128,696 |
| Cost of defined contribution scheme | **229,179** | 132,771 | **28,557** | 2,455 |
| | **9,498,050** | 8,955,075 | **1,234,674** | 1,132,867 |

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

| | 2019 No. | 2018 No. |
|---|---|---|
| Sales,operations and administration | **244** | 242 |

## 6. Directors' remuneration

| | 2019 £ | 2018 £ |
|---|---|---|
| Directors' emoluments | **429,673** | 234,650 |
| Company contributions to defined contribution pension schemes | **7,225** | 2,493 |
| | **436,898** | 237,143 |

During the year retirement benefits were accruing to no directors (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £216,200 (2018 - £109,663).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £4,061 (2018 - £1,843).

Key management consists of the directors. The compensation paid to the key management for employee services is the same as directors.

## 7. Interest receivable

| | 2019 £ | 2018 £ |
|---|---|---|
| Other interest receivable | **53,441** | 20,913 |
| | **53,441** | 20,913 |

## 8. Interest payable and similar expenses

| | 2019 £ | 2018 £ |
|---|---|---|
| Bank interest payable | **962** | - |
| Other loan interest payable | **74,867** | 72,438 |
| Interest on loans from group undertakings | **804,593** | 1,236,965 |
| | **880,422** | 1,309,403 |

## 9. Taxation

| | 2019 £ | 2018 £ |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | **642,221** | 588,514 |
| Adjustments in respect of previous periods | **51,380** | - |
| | **693,601** | 588,514 |
| **Foreign tax** | | |
| Foreign tax on income for the year | **151,675** | - |
| | **151,675** | - |
| **Total current tax** | **845,276** | 588,514 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | **32,811** | - |
| **Total deferred tax** | **32,811** | - |
| **Taxation on profit on ordinary activities** | **878,087** | 588,514 |

## 9. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

| | 2019 £ | 2018 £ |
|---|---|---|
| Profit on ordinary activities before tax | **7,878** | 314,597 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | **1,497** | 59,773 |
| **Effects of:** | | |
| Expenses not deductible for tax purposes | **574,994** | 597,816 |
| Utilisation of tax losses | **19,106** | - |
| Higher rate taxes on overseas earnings | **124,014** | - |
| Adjustments to tax charge in respect of prior periods | **53,247** | - |
| Short term timing difference leading to an increase (decrease) in taxation | **(4,017)** | - |
| Other timing differences leading to an increase (decrease) in taxation | **98,617** | 91,634 |
| Other differences leading to an increase (decrease) in the tax charge | **-** | (160,709) |
| Group relief | **10,629** | - |
| **Total tax charge for the year** | **878,087** | 588,514 |

### Factors that may affect future tax charges

The standard rate of corporation tax in UK was reduced to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020, whereby the rate applicable from 1 April 2020 now remained at 19% rather than the previously enacted reduction to 17%. The deferred tax liability as at 31 December 2019 has been calculated based on the rate of 17% representing the applicable long-term rate.

## 10. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss account in these financial statements. The Loss after tax of the parent Company for the year was (£269,311) (2018 - £318,721 profit).

**11. Intangible assets**

**Group**

| | Goodwill £ |
|---|---|
| **Cost** | |
| At 1 January 2019 | **31,399,037** |
| Additions | **9,048,645** |
| At 31 December 2019 | **40,447,682** |
| **Amortisation** | |
| At 1 January 2019 | **4,849,377** |
| Charge for the year | **3,471,449** |
| At 31 December 2019 | **8,320,826** |
| **Net book value** | |
| At 31 December 2019 | **32,126,856** |
| At 31 December 2018 | 26,549,660 |

The goodwill has arisen as a result of the acquistions of Infinity Travel Limited, Altour France and Agis Business Travel France.

The amortisation of goodwill is recognised in the profit and loss account under administrative expenses.

## 12. Acquisitions of businesses

Acquistions in the year

On 31 January 2019, the Group acquired 60% of the ordinary share of Infinity Travel Limited for £4,702,845. The company acts as a travel agent and tour operator. The business contributed revenue of £1,686,991 and net loss of £224,501 to the revenue and net loss for the year.. The expected useful life of goodwill stemming from this acquisition is 10 years.

| | Book values £ | Fair value £ |
|---|---|---|
| **Acquiree's net assets at the acquisition date:** | | |
| Tangible fixed assets | **11,453** | 11,453 |
| Investments | **13,764** | 13,764 |
| Trade and other debtors | **144,851** | 144,851 |
| Cash | **619,982** | 619,982 |
| Trade and other creditors | **(580,720)** | (580,720) |
| Deferred tax liabilities | **-** | - |
| **Net identifiable assets and liabilities** | **209,330** | 209,330 |

| | 2019 £ |
|---|---|
| Consideration paid | 4,702,845 |

| | 2019 £ |
|---|---|
| Net assets at acquisition | (209,330) |
| NCI at acquisition | 202,902 |
| Goodwill at acquisition | 4,696,417 |

During the year Infinity Travel Limited declared and paid a dividend of £850,000 to the shareholders of the company, £340,000 was attributable to non-controlling interest.

**Acquisitions of businesses (continued)**

On 31 March 2019, the Group acquired the remaining 51% of the ordinary shares of Altour France for £398,298. The company acts as a travel agent and business travel consultant. The business contributed revenue of £2,168,434 and net loss of £1,450 to the revenue and net loss for the year. The expected useful life of goodwill stemming from this acquisition is 14 years.

| | Books values £ | Fair Value £ |
|---|---|---|
| **Acquiree's net assets at the acquisition date:** | | |
| Tangible fixed assets | - | - |
| Intangible assets | - | - |
| Trade and other debtors | **231,238** | 231,238 |
| Cash | **321,711** | 321,711 |
| Trade and other creditors | **(227,769)** | (227,769) |
| Deferred tax liabilities | - | - |
| **Net identifiable assets and liabilities** | **325,180** | 325,180 |

| | 2019 £ |
|---|---|
| Consideration paid | 771,819 |

| | 2019 £ |
|---|---|
| Goodwill on acquisition | 446,639 |

On 17 May 2019, Altour France acquired the entire share capital of Agis Business Travel France for a consideration of £4,703,481. Assets and liabilities at the date of acquisition comprised of £1,541,272. The expected useful life of goodwill stemming from this acquisition is 10 years.

## 13. Tangible fixed assets

### Group

| | Leasehold Improvements £ | Plant and machinery £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|---|---|---|---|---|---|
| **Cost or valuation** | | | | | |
| At 1 January 2019 | 420,229 | 195,906 | 535,856 | 190,198 | 1,342,189 |
| Additions | 260,648 | 125,698 | 307,935 | 24,884 | 719,165 |
| At 31 December 2019 | 680,877 | 321,604 | 843,791 | 215,082 | 2,061,354 |
| **Depreciation** | | | | | |
| At 1 January 2019 | 297,862 | 184,032 | 392,061 | 124,087 | 998,042 |
| Charge for the year | 87,905 | 17,199 | 96,763 | 47,776 | 249,643 |
| At 31 December 2019 | 385,767 | 201,231 | 488,824 | 171,863 | 1,247,685 |
| **Net book value** | | | | | |
| At 31 December 2019 | 295,110 | 120,373 | 354,967 | 43,219 | 813,669 |
| At 31 December 2018 | 122,367 | 11,874 | 143,795 | 66,111 | 344,147 |

## 13. Tangible fixed assets (continued)

### Company

| | Leashold Improvements £ | Plant and machinery £ | Computer equipment £ | Total £ |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 January 2019 | 335,613 | 195,906 | 181,302 | 712,821 |
| Additions | 245,770 | 53,929 | 24,884 | 324,583 |
| At 31 December 2019 | 581,383 | 249,835 | 206,186 | 1,037,404 |
| **Depreciation** | | | | |
| At 1 January 2019 | 269,428 | 184,032 | 115,191 | 568,651 |
| Charge for the year | 70,697 | 17,199 | 47,776 | 135,672 |
| At 31 December 2019 | 340,125 | 201,231 | 162,967 | 704,323 |
| **Net book value** | | | | |
| At 31 December 2019 | 241,258 | 48,604 | 43,219 | 333,081 |
| At 31 December 2018 | 66,185 | 11,874 | 66,111 | 144,170 |

## 14. Fixed asset investments

### Group

| | Investments in associates £ | Unlisted investments £ | Other fixed asset investments £ | Total £ |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 January 2019 | 364,907 | 8,260 | - | 373,167 |
| Transfers intra group | (364,907) | - | - | (364,907) |
| On acquisition of subsidiaries | - | - | 26,842 | 26,842 |
| At 31 December 2019 | - | 8,260 | 26,842 | 35,102 |
| **Net book value** | | | | |
| At 31 December 2019 | - | 8,260 | 26,842 | 35,102 |
| At 31 December 2018 | 364,907 | 8,260 | - | 373,167 |

Investment in associate is made up of 49% interest in Altour France S.A.R.L. The disposal relates to the investment in Alrour France SARL which has now changed to a fully owned subsidiary.

Unlisted investments is made up of various investments held by Altour International Limited, a subsdiary.

## 14. Fixed asset investments (continued)

### Subsidiary undertakings

The following were subsidiary undertakings of the Group:

| Name | Class of shares | Holding | Principal activity |
|---|---|---|---|
| Tzell UK Limited | Ordinary | 100 % | Travel management services |
| Travel Leaders SA Proprietary Limited | Ordinary | 100 % | Travel management services |
| Colletts Travel Limited | Ordinary | 100 % | Travel agency activities |
| Altour International Limited | Ordinary | 100 % | Travel management services |
| Tandem Travel Limited | Ordinary | 100 % | Travel management services |
| BBTF Travel (Holland) B.V. | Ordinary | 100 % | Travel management services |
| ALTOUR International Sarl (France) | Ordinary | 100 % | Travel management services |
| Pro Executive Travel Ltd | Ordinary | 100 % | Dormant |
| Travel Leaders Limited | Ordinary | 100 % | Dormant |
| Kitaway Ltd. | Ordinary | 100 % | Dormant |
| Altour Management Technology Limited | Ordinary | 100 % | Travel management services |
| Trinifold Travel International Limited | Ordinary | 100 % | Dormant |
| Rescentre.co.uk Limited | Ordinary | 85 % | Travel management services |
| Supersonic Travel Limited | Ordinary | 100 % | Travel management services |
| Agis France | Ordinary | 100 % | Travel management services |
| Infinity Travel Limited | Ordinary | 60 % | Travel management services |
| BBTF Travel Limited | Ordinary | 100 % | Travel management services |

The aggregate of the share capital and reserves as at 31 December 2019 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| | Aggregate of share capital and reserves £ | Profit/(loss) £ |
|---|---|---|
| Tzell UK LImited | 2,070,790 | (88,865) |
| Travel Leaders SA Proprietary Limited | (74,539) | (55,942) |
| Colletts Travel Limited | 8,569,051 | 171,631 |
| Altour International Limited | 6,975,436 | 767,896 |
| Tandem Travel Limited | 30,802 | (132) |
| Infinity Travel Limited | 282,753 | 625,499 |
| BBTF Travel Limited | 1,397,189 | 637,147 |
| | 19,251,482 | 2,057,234 |

## 14. Fixed asset investments (continued)

The following are subsidiaries of Altour International Limited:

Altour Management Technology Limited
Tandem Travel Limited
Trinifold Travel International Limited
Rescentre.co.uk Limited
Supersonic Travel Limited
BBTF Travel Limited
BBTF Travel (Holland) B.V.
Infinity Travel Limited

## 14. Fixed asset investments (continued)

### Company

| | Investments in subsidiary companies £ | Investments in associates £ | Total £ |
|---|---|---|---|
| **Cost or valuation** | | | |
| At 1 January 2019 | **39,930,211** | **364,907** | **40,295,118** |
| Additions | **410,174** | **-** | **410,174** |
| Transfer to subsidiary | **364,907** | **(364,907)** | **-** |
| At 31 December 2019 | **40,705,292** | **-** | **40,705,292** |
| **Net book value** | | | |
| At 31 December 2019 | **40,705,292** | **-** | **40,705,292** |
| At 31 December 2018 | 39,930,211 | 364,907 | 40,295,118 |

The Directors are satisfied with the value of the investments held as at 31 December 2019.

## 15. Debtors

| | **Group 2019 £** | Group 2018 £ | **Company 2019 £** | Company 2018 £ |
|---|---|---|---|---|
| **Due after more than one year** | | | | |
| Other Debtors | **352,506** | 452,532 | **352,506** | 452,532 |
| | **352,506** | 452,532 | **352,506** | 452,532 |

Included in other long term debtors is restricted cash amounting to £100,026 (2018: £100,026).

## 15. Debtors (continued)

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| **Due within one year** | | | | |
| Trade debtors | **12,336,358** | 13,927,160 | **1,651,394** | 1,981,248 |
| Amounts owed by parent undertaking | **218,474** | - | **5,055,452** | - |
| Other debtors | **999,132** | 715,746 | **270,442** | 161,514 |
| Prepayments and accrued income | **475,340** | 302,315 | **31,005** | 161,872 |
| | **14,029,304** | 14,945,221 | **7,008,293** | 2,304,634 |

Included in other debtors is restricted cash amounting to £247,143 (2018: £247,143).

Amounts owed by related parties are non-interest bearing and payable on demand.

## 16. Current asset investments

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Listed investments | **18,579** | - | **18,579** | - |
| | **18,579** | - | **18,579** | - |

## 17. Cash and cash equivalents

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Cash at bank and in hand | **10,970,906** | 27,184,732 | **1,930,607** | 18,922,165 |
| | **10,970,906** | 27,184,732 | **1,930,607** | 18,922,165 |

## 18. Creditors: Amounts falling due within one year

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Trade creditors | **11,428,634** | 12,954,435 | **1,643,830** | 1,768,854 |
| Amounts owed to parent undertaking | **11,099,918** | 24,283,456 | **14,108,724** | 28,018,860 |
| Corporation tax | **59,509** | 55,917 | **53,976** | 27,780 |
| Other taxation and social security | **155,801** | 121,078 | **136,439** | 79,262 |
| Other creditors | **893,065** | 440,402 | **473,522** | 298,573 |
| Accruals and deferred income | **416,931** | 110,824 | **65,938** | 30,712 |
| | **24,053,858** | 37,966,112 | **16,482,429** | 30,224,041 |

Amounts owed to related parties are non-interest bearing and payable on demand.

## 19. Creditors: Amounts falling due after more than one year

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Amounts owed to group undertaking | **16,289,093** | 13,082,610 | **14,778,294** | 13,082,610 |
| | **16,289,093** | 13,082,610 | **14,778,294** | 13,082,610 |

The Company's parent, Travel Leaders Group Holdings LLC, issued a discount note of £21.07m with and annual interest charge of 6% repayable over eight years in instalments. This was to finance the cost of acquiring of Colletts Travel Limited. As at the year end, the balance outstanding was £12,998,680 (2018: £13,082,610). The principal amount is not due until 2021 at the earliest.

Amount owed to Group undertakings includes an interest bearing loan of £1,510,799, secured by way of a promissory note on 30 January 2019, and raised to fund the acquisition of Infinity Travel Limited. There are no fixed repayment terms so long as the loan is repaid by 30 January 2024. Interest is chargeable on the loan at 5.33% per annum.

## 20. Secured debts

A debenture in Altour International Limited in Favour of Barclays Bank Plc which includes fixed and floating charges over the undertaking.

A debenture in BBTF Travel Limited in favour of The Royal Bank of Scotland Plc which includes fixed and floating charges over the undertaking.

A cross guarantee and debenture between Altour International Limited and BBTF Travel Limited in favour of Barclays Bank Plc which includes fixed and floating charges over the undertakings.

## 21. Deferred taxation

### Group

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| At beginning of year | **(43,472)** | (51,709) |
| Charged to the profit or loss | **(38,990)** | 8,237 |
| **At end of year** | **(82,462)** | (43,472) |

### Company

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| At beginning of year | **(24,153)** | (24,153) |
| Charged to profit or loss | **(6,355)** | - |
| **At end of year** | **(30,508)** | (24,153) |

| | **Group 2019 £** | Group 2018 £ | **Company 2019 £** | Company 2018 £ |
|---|---|---|---|---|
| Accelerated capital allowances | **(82,462)** | (43,472) | **(30,508)** | (24,153) |
| | **(82,462)** | (43,472) | **(30,508)** | (24,153) |

## 22. Provisions

### Group

| | Other provisions £ |
|---|---|
| At 1 January 2019 | **99,871** |
| Charged to profit or loss | **(99,871)** |
| **At 31 December 2019** | **-** |

Provision related to protection against supplier failure on historical bookings in previous years which is no longer required and as a result this amount has now been released to the profit and loss.

## 23. Share capital

| | **2019** £ | 2018 £ |
|---|---|---|
| **Allotted, called up and fully paid** | | |
| 50,000 Ordinary shares of £1 each | **50,000** | 50,000 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

## 24. Reserves

### Other reserves

The parent of the group made a capital contribution of £17,669,167 in August 2017. These funds were used to acquire 100% shareholding of Altour International UK Ltd and 49% of Altour France S.A.R.L.

### Profit and loss account

Includes all current and prior period retained profits and losses.

## 25. Contingent liabilities

The group currently holds an Air Travel Organisers License (ATOL) issues by the Civil Aviation Authority ('CAA'), is a member of the Association of British Travel Agents Limited ('ABTA') and is an accredited agent of the International Air Transport Association ('IATA').

As at 31 December 2019, there were contingent liabilities given by the Group in the normal course of business to Barclays Bank Plc in respect of ABTA cash bonds amounting to £100,026 (2018: £100,026).

At the year end Colletts Travel Limited's bankers have a charge of £206,750 on cash deposits as security for bonding (2018: £206,750).

## 26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held seprately from those of the Group in an independently administered fund. The pensions cost charge represents contributions payable by the Group to the fund and amounted to £218,122 (2018 - £129,586). Contributions totalling £nil (2018 - £Nil) were payable to the fund at the reporting date.

## 27. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | **Group 2019 £** | Group 2018 £ | **Company 2019 £** | Company 2018 £ |
|---|---|---|---|---|
| Not later than 1 year | **1,069,969** | 685,425 | **568,712** | 198,767 |
| Later than 1 year and not later than 5 years | **2,058,986** | 1,989,396 | **1,706,136** | 1,440,579 |
| Later than 5 years | - | 17,769 | - | - |
| **Total** | **3,128,955** | 2,692,590 | **2,274,848** | 1,639,346 |

During the year £589,595 was recognised as an expense in the Profit and Loss Account in respect of operating leases (2018: £348,483).

## 28. Related party transactions

The company has taken advantage of the exemption available under FRS 102 section 33.1A where disclosures of transactions between group members are not required, provided that the subsidiary is wholly owned.

## 29. Controlling party

Internova Travel Group LLC (previously known as Travel leaders Group LLC) (Incorporated in the USA) is regarded by the directors as being the company's ultimate parent company.

The company is a 100% subsidiary of Protravel International LLC, incorporated in the USA. Protravel International LLC is a 100% subsidiary of Tzell Holdings LLC, which is a 100% subsidiary of Internova Travel Group LLC.

The company is included in the consolidated accounts of Internova Travel Group LLC.

## 30. Accounting estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the statement of comprehensive income in the period in which the estimate is revised where the revision affects only that period, or in the period of revision and future periods where the revision affects both current and future periods. Estimates and judgements were applied in accounting for goodwill, depreciation, amortisation , tangible assets and allprovisions.

## 31. Post balance sheet events

The global travel business has been devastated by the recent effects of the Global Pandemic caused by Covid-19. The downturn commenced in January 2020 when business on routes to China initially closed culminating in an almost complete shutdown of the global travel industry from March 2020 onwards. FCO restrictions of essential travel only have been in place since that time and are still in force on most routes.

During this lockdown period we have seen our business drop by up to 95%. Green shoots are slowly re-starting as non-essential travel restrictions are lifted and we expect the remainder of 2020 to remain slow in terms of recovery. Global aviation forecasts are between 30-50% uplift between now and the end of 2020 and slowly picking up pace in 2021. Forecasts for a full recovery of the industry are not expected until 2023.

The Group has made use of all available government initiatives including the UK Government furlough scheme and applying for rent and rates deferment where possible. We have, and continue the process of, re-sizing the business with both staff levels and office space requirements being reduced to alignwith the forecast recovery plan.

Management have closely assessed the cash flow requirements over the next 18 months and are confident that with the reduced cost base, there will be sufficient cash to see the business through the recovery period.

Please note that management has not made any adjustments to the financial statements as it treats COVID-19 as a non-adjusting post balance sheet event.