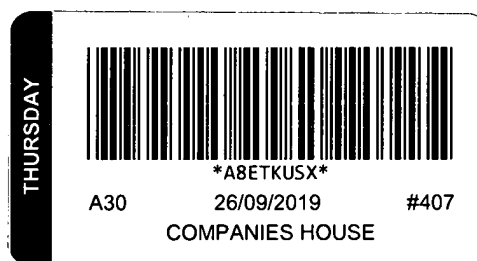


**Company registration no. 09908552**

**Boketto Newco Limited**

**Annual report and financial statements  
for the year ended 31 December 2018**



**Boketto Newco Limited****Annual report and financial statements for the year ended 31 December 2018**

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## **Boketto Newco Limited**

**Annual report and financial statements for the year ended 31 December 2018**

### **Officers and professional advisers**

#### **Directors**

N Longman  
R Prosser  
N Steinmeyer

#### **Secretary**

E Ward

#### **Registered office**

New Mill  
New Mill Lane  
Witney  
Oxfordshire  
OX29 9SX

#### **Independent auditors**

PricewaterhouseCoopers LLP  
3 Forbury Place  
23 Forbury Road  
Reading  
Berkshire  
RG1 3JH

# **Boketto Newco Limited**

## **Annual report and financial statements for the year ended 31 December 2018**

### **Strategic report**

The directors present their strategic report on the group for the year ended 31 December 2018.

#### **Principal activities**

The principal activity of the group is that of a tailor-made tour operator. The principal activity of the company is that of a corporate holding company.

#### **Review and results for the year**

2018 reflected a successful year of growth for the group. The group's main UK trading subsidiary Audley Travel Group Limited ('Audley Travel') has continued to invest in its people and product, working with suppliers to maintain the provision of inspiring travel experiences. The continued focus on client service and an increase in the number of employees, has allowed bookings, revenue and adjusted EBITDA to continue to grow. The group has maintained its gross margin during the year at similar levels to 2017.

The group's US subsidiary Audley Travel, US Inc. ('Audley US') has successfully established itself in the US market and continues to demonstrate strong growth, driven by the same focus on excellent client service.

In 2018 Audley US reported a positive adjusted EBITDA for the first time.

The loss for the year, which includes interest accrued on long term loan notes not payable until 2025, was £4.9m (2017 restated: £18.4m). Earnings before financing, taxation, depreciation, amortisation costs and operating exceptional items (adjusted EBITDA) for the year was a profit of £33.9m (2017 restated: £24.9m), which the directors consider to be a strong result (see note 4).

The 2017 restatement of revenues and profits is as a result of the adoption of new accounting standards, as explained in note 29.

The group continues to carefully monitor liquidity and the available financing and cash resources closing 2018 with £66.6m (2017: £71.2m) of cash, having been able to fund a voluntary payment of accrued interest on long term loan notes amounting to £29.9m. Throughout 2018, cash resources exceeded both the Civil Aviation Authority (CAA) requirements for Audley Travel Group and senior debt covenants for Boketto Newco Limited.

#### **Financial performance**

The key performance indicators are as follows:

	<b>2018</b>	<b>Restated 2017</b>	<b>As reported 2017</b>
Revenue	£291.2m	£239.4m	£241.7m
Gross profit margin	22.6%	21.9%	21.8%
Adjusted EBITDA (note 4)	£33.9m	£24.9m	£23.4m
Current ratio ( <i>current assets / current liabilities</i> )	0.26	0.26	0.21

#### **Principal risks and uncertainties**

##### **Market risk**

The group is reliant on the desire of UK and US travellers to take long-haul tailor-made holidays. These markets are growing, and further growth can be achieved by increasing the breadth of travel choices offered, as well as taking market share from competitors. The establishment of the Boston office and the subsequent opportunity to access the client source-market in the United States is the key element of the board's strategic plan and mitigates the risk of exposure to a single market. The directors continue to monitor cost levels and customer service to ensure an adequate return is achieved and that the future performance of the business is sustainable.

The group continues to provide a high-quality service and is continually reviewing the range of destinations it offers to meet the changing market demands. The group is continuously assessing the impact of Brexit as well as the risk of a general economic slowdown in its source markets and has plans in place to mitigate these.

## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

## **Strategic report (continued)**

### **Financial risk management**

The group's activities expose it to a variety of financial risks: financial risk, liquidity risk, foreign exchange risk and credit risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

#### ***Financial risk***

The group uses external financing to support its strategy with a combination of senior bank debt and long-term loan notes.

In January 2016, the group raised new senior bank debt funding from a group of six financially stable lenders for a six year term which are subject to financial covenants and undertakings which the directors monitor. Interest rate swaps are used to reduce interest rate risk.

The loan notes, which are subordinate to the senior debt, were issued by Boketto Midco Limited, the immediate parent company and a wholly owned subsidiary of Boketto Holdco Limited, the ultimate parent company of the group. These loan notes carry a fixed rate of interest. The loan notes are repayable (other than at the group's option) in ten years from the December 2015 issue date and are subject to certain financial covenants and undertakings which the directors monitor.

In November 2018, Boketto Holdco Limited made a voluntary payment of accrued interest on long term loan notes amounting to £29.9m partially funded by a dividend of £25m paid by Audley Travel Group Limited.

The directors consider the funding of the company and group to be robust.

#### ***Liquidity risk***

Cash flow forecasting is performed by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its borrowing facilities at all times so that the group does not breach borrowing limits of covenants. Such forecasting takes into consideration the group's debt financing plans, covenant compliance and external regulatory requirements with the CAA.

#### ***Foreign exchange risk***

The group has exposure to currency movements due to timing of payments to suppliers in foreign currencies. The group uses foreign currency forwards to hedge its exposure to foreign currency risk. Under the group's policy the critical terms of the forwards must align with the hedged items.

Following the group's review of its hedging policy in 2017, the group adopted hedge accounting as at 1 January 2018 to more accurately represent the group's foreign exchange exposure in the financial statements.

#### ***Credit risk***

The group's principal financial assets are cash and trade receivables.

The group does not have significant credit risk. All amounts due from customers must be settled prior to departure, minimising exposure to credit risk and all cash is held by banks with high credit ratings assigned by international credit rating agencies.

Approved by the board of directors and signed on behalf of the board on 27 March 2019.

  
N Steinmeyer

## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Directors' report**

The directors present their annual report on the affairs of the group and company, together with the audited financial statements and auditors' report, for the year ended 31 December 2018.

##### **Going concern**

Taking into account the trading of the group, the directors have a reasonable expectation that the company (and group) has adequate resources to continue in existence for the foreseeable future, being at least twelve months from the date the financial statements are signed. Therefore, they have adopted the going concern basis in preparing these financial statements. In concluding on going concern the directors have taken account of the following points.

The group uses external debt financing as part of a balanced capital structure (see note 19). The payments of capital and interest on external senior debt facilities are funded by intercompany loans from Audley Travel Group Limited. The resulting loan balance from Audley Travel Group Limited to the group holding companies is expected to be settled from future company dividends to the holding companies. Intercompany loans include loan notes between group companies which accumulate interest (not payable in cash) at 10% per annum.

Monthly cash flow forecasts have been prepared for the business to the end of 2020. These cash flows assume that the profitability of the trading company grows in accordance with the detailed business plan which has been approved by the board of directors. Management prepare cash flow forecasts that assume that all liabilities of the business are met in accordance with contractual terms.

The group has significant intercompany loans due to its immediate parent company that are repayable on demand. As a result, the company has net current liabilities. However, the directors have obtained a letter of support from the ultimate parent company, Boketto Holdco Limited, which confirms its intention to provide such financial support as is necessary to enable the group to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

##### **Future developments**

The strategy of the group remains focused on organic growth. The group continues to expand, in particular its US operations, and this expansion is supported by new product offerings for both its US and UK customers. Additional space has been taken in the Boston (US) and London offices and investment continues in the back-office platform to support the expansion. The directors believe that due to the group's unique and varied product, the profile of the client base and the enhanced operational capability, the outlook remains positive.

##### **Branches outside the UK**

The company does not have any branches outside the UK as defined in section 1046(3) of the Companies Act 2006.

##### **Dividends**

The result for the year is shown in the consolidated statement of comprehensive income on page 10. The directors recommend that no dividend is to be paid (2017: £nil).

##### **Research and development**

Given the nature of the business as a tour operator the group does not engage in significant research and development activities. The group does however invest in developing bespoke systems that support the business' key operations. All such expenditure has been capitalised where it meets the criteria set out in IFRS.

##### **Political and charitable contributions**

The group made charitable donations amounting to £49k to various international registered charities during the year (2017: £54k). The group made no political donations nor incurred any political expenditure during the year (2017: £nil).

## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

## **Directors' report (continued)**

### **Directors**

The directors who served during the year under review and up to the date of signing these financial statements were:

N Longman (appointed 27 September 2018)

R Prosser

N Steinmeyer

I Simkins resigned as a director of the company on 18 December 2018.

### **Directors' indemnities**

The group has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **Disabled employees**

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

### **Employee consultation**

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and the company. This is achieved through formal and informal company meetings and the company newsletter. Employee representatives are informed and engaged regularly on a wide range of matters affecting their current and future interest.

### **Principal risks and uncertainties**

The principal risks and uncertainties facing the group are discussed in the strategic report on page 2.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

## **Directors' report (continued)**

### **Statement of directors' responsibilities in respect of the financial statements (continued)**

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### **Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

### **Matters covered in the strategic report**

Disclosure of the company's business review and financial risk management are provided in the strategic report.

Approved by the board of directors and signed on behalf of the board on 27 March 2019.



N Steinmeyer  
Director



# ***Independent auditors' report to the members of Boketto Holdco Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion:

Boketto Newco Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's loss and cash flows for the year then ended;

the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;

the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and

the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and financial statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2018; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.

---

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

# ***Independent auditors' report to the members of Boketto Holdco Limited***

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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## **Responsibilities for the financial statements and the audit**

### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of directors' responsibilities set out on page 5 to 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

### ***Auditors' responsibilities for the audit of the financial statements***

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

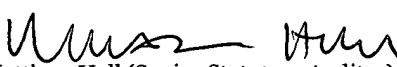
we have not received all the information and explanations we require for our audit; or

adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

certain disclosures of directors' remuneration specified by law are not made; or

the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

  
Matthew Hall (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
27 March 2019

**Boketto Newco Limited****Annual report and financial statements for the year ended 31 December 2018****Consolidated statement of comprehensive income  
for the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000 Restated
Revenue	4	291,234	239,357
Cost of sales		(225,501)	(187,029)
<b>Gross profit</b>		<b>65,733</b>	<b>52,328</b>
Administrative expenses		(45,046)	(38,248)
Other operating income	5	1,078	883
<b>Operating profit</b>	5	<b>21,765</b>	<b>14,963</b>
Finance income	7	1,209	495
Finance expenses	8	(28,153)	(32,997)
<b>Net finance expenses</b>		<b>(26,944)</b>	<b>(32,502)</b>
<b>Loss before taxation</b>		<b>(5,179)</b>	<b>(17,539)</b>
Taxation	9	323	(865)
<b>Loss for the year</b>		<b>(4,856)</b>	<b>(18,404)</b>
<b>Other comprehensive income</b>			
Hedging gains and losses	23	1,829	-
Taxation on hedging gains & losses	9, 23	(242)	-
Exchange differences on translating foreign operations	23	(980)	460
<b>Other comprehensive income for the year, net of taxation</b>		<b>607</b>	<b>460</b>
<b>Total comprehensive loss for the year</b>		<b>(4,249)</b>	<b>(17,944)</b>

All results are derived from continuing operations. The total comprehensive loss for the year is all attributable to the owners of the parent company.

See note 29 for details of the restatements made.

The notes on pages 17 to 49 form an integral part of these financial statements.

**Boketto Newco Limited****Annual report and financial statements for the year ended 31 December 2018****Consolidated statement of financial position  
as at 31 December 2018**

		<b>31 December</b>	<b>Restated</b>	<b>Restated</b>
		<b>2018</b>	<b>31 December</b>	<b>31 December</b>
		<b>£'000</b>	<b>2017</b>	<b>2016</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Non-current assets</b>				
Intangible assets	10	293,061	297,471	300,436
Property, plant and equipment	11	15,466	16,494	14,615
Restricted cash	16	10,000	10,000	10,000
Deferred tax assets	20	1,913	-	-
Derivative financial assets	14	81	-	-
<b>Total non-current assets</b>		<b>320,521</b>	<b>323,965</b>	<b>325,051</b>
<b>Current assets</b>				
Trade and other receivables	15	29,884	23,809	19,719
Cash and cash equivalents	16	56,588	61,196	38,299
Deferred tax assets	20	1,558	-	-
Derivative financial assets	14	2,055	842	3,546
<b>Total current assets</b>		<b>90,085</b>	<b>85,847</b>	<b>61,564</b>
<b>Total assets</b>		<b>410,606</b>	<b>409,812</b>	<b>386,615</b>

See notes 28 & 29 for details of the restatements made.

# Boketto Newco Limited

Annual report and financial statements for the year ended 31 December 2018

## Consolidated statement of financial position as at 31 December 2018 (continued)


		31 December 2018 £'000	Restated 31 December 2017 £'000	Restated 31 December 2016 £'000
	Note			
<b>Non-current liabilities</b>				
Contract liabilities	18	1,888	1,712	926
Borrowings	19	87,126	91,782	93,892
Deferred tax liabilities	20	9,971	10,683	12,279
Derivative financial liabilities	14	-	133	-
<b>Total non-current liabilities</b>		<b>98,985</b>	<b>104,310</b>	<b>107,097</b>
<b>Current liabilities</b>				
Trade and other payables	17	231,937	242,913	216,056
Contract liabilities	18	104,969	86,110	70,169
Borrowings	19	5,678	4,177	3,573
Current tax	17	1,475	777	2,188
Deferred tax liabilities	20	88	-	-
Derivative financial liabilities	14	549	1,040	387
<b>Total current liabilities</b>		<b>344,696</b>	<b>335,017</b>	<b>292,373</b>
<b>Total liabilities</b>		<b>443,681</b>	<b>439,327</b>	<b>399,470</b>
<b>Net liabilities</b>		<b>(33,075)</b>	<b>(29,515)</b>	<b>(12,855)</b>
Share capital	22	1,540	1,540	1,540
Other reserves	23	1,067	460	-
Accumulated losses		(35,682)	(31,515)	(14,395)
<b>Total equity</b>		<b>(33,075)</b>	<b>(29,515)</b>	<b>(12,855)</b>

See notes 28 & 29 for details of the restatements made.

The notes on pages 17 to 48 form an integral part of these financial statements.

The financial statements of Boketto Newco Limited (registered number 09908552) on pages 10 to 48 were approved by the board of directors and authorised for issue on 27 March 2019.

Signed on behalf of the board of directors.

  
N Steinmeyer  
Director

**Boketto Newco Limited****Annual report and financial statements for the year ended 31 December 2018****Company statement of financial position  
as at 31 December 2018**

	Note	2018 £'000	2017 £'000
<b>Non-current assets</b>			
Investments	12	1,540	1,540
<b>Total non-current assets</b>		<b>1,540</b>	<b>1,540</b>
<b>Current assets</b>			
Trade and other receivables	15	222,175	229,364
<b>Total current assets</b>		<b>222,175</b>	<b>229,364</b>
<b>Total assets</b>		<b>223,715</b>	<b>230,904</b>
<b>Current liabilities</b>			
Trade and other payables	17	222,185	229,364
<b>Total current liabilities</b>		<b>222,185</b>	<b>229,364</b>
<b>Total liabilities</b>		<b>222,185</b>	<b>229,364</b>
<b>Net assets</b>		<b>1,530</b>	<b>1,540</b>
<b>Share capital</b>	22	1,540	1,540
<b>Accumulated losses</b>		(10)	-
<b>Total equity</b>		<b>1,530</b>	<b>1,540</b>

The notes on pages 17 to 48 form an integral part of these financial statements.

As permitted by Section 408 of the Companies Act 2006, a company statement of comprehensive income is not included as part of the published financial statements of Boketto Holdco Limited. The result for the financial year of the company was a loss of £10k (2017: result of £nil).

The financial statements of Boketto Newco Limited (registered number 09908552) were approved by the board of directors and authorised for issue on 27 March 2019.

Signed on behalf of the board of directors.



N Steinmeyer  
Director

# Boketto Newco Limited

Annual report and financial statements for the year ended 31 December 2018

## Consolidated statement of changes in equity for the year ended 31 December 2018

	Share capital £'000	Other reserves £'000	Restated accumulated losses £'000	Total £'000
<b>Balance at 1 January 2017 as originally presented</b>	<b>1,540</b>	<b>-</b>	<b>(12,336)</b>	<b>(10,796)</b>
Change in accounting policies	-	-	(2,059)	(2,059)
<b>Restated total equity at the beginning of the year</b>	<b>1,540</b>	<b>-</b>	<b>(14,395)</b>	<b>(12,855)</b>
Loss for the year	-	-	(18,404)	(18,404)
Other comprehensive income	-	460	-	460
<b>Total comprehensive expense for the year</b>	<b>-</b>	<b>460</b>	<b>(18,404)</b>	<b>(17,944)</b>
Share-based payments	-	-	1,284	1,284
<b>Balance at 31 December 2017</b>	<b>1,540</b>	<b>460</b>	<b>(31,515)</b>	<b>(29,515)</b>
<b>Balance at 31 December 2017 as originally presented</b>	<b>1,540</b>	<b>480</b>	<b>(28,577)</b>	<b>(26,557)</b>
Change in accounting policies	-	(20)	(2,938)	(2,958)
<b>Restated total equity as at 31 December 2017</b>	<b>1,540</b>	<b>460</b>	<b>(31,515)</b>	<b>(29,515)</b>
<b>Restated total equity at 1 January 2018</b>	<b>1,540</b>	<b>460</b>	<b>(31,515)</b>	<b>(29,515)</b>
Loss for the year	-	-	(4,856)	(4,856)
Hedging gains or losses, net of tax	-	1,587	-	1,587
Other comprehensive expense	-	(980)	-	(980)
<b>Total comprehensive income/ (expense) for the year</b>	<b>-</b>	<b>607</b>	<b>(4,856)</b>	<b>(4,249)</b>
Share-based payments	-	-	689	689
<b>Balance at 31 December 2018</b>	<b>1,540</b>	<b>1,067</b>	<b>(35,682)</b>	<b>(33,075)</b>

See note 29 for details of the restatements made.

The notes on pages 17 to 49 form an integral part of these financial statements.

**Boketto Newco Limited****Annual report and financial statements for the year ended 31 December 2018****Company statement of changes in equity  
for the year ended 31 December 2018**

	<b>Share capital £'000</b>	<b>Accumulated losses £'000</b>	<b>Total £'000</b>
<b>Balance at 1 January 2017</b>	1,540	-	1,540
Result for the year	-	-	-
<b>Balance at 31 December 2017</b>	<u>1,540</u>	<u>-</u>	<u>1,540</u>
<b>Balance at 1 January 2018</b>	1,540	-	1,540
Loss for the year	-	(10)	(10)
<b>Balance at 31 December 2018</b>	<u>1,540</u>	<u>(10)</u>	<u>1,530</u>

The notes on pages 17 to 49 form an integral part of these financial statements.



# **Boketto Newco Limited**

## **Annual report and financial statements for the year ended 31 December 2018**

### **Consolidated statement of cash flows for the year ended 31 December 2018**

		<b>2018</b>	<b>Restated</b>
	<b>Note</b>	<b>£'000</b>	<b>2017</b>
			<b>£'000</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	<b>24</b>	40,659	45,781
Interest paid	<b>8</b>	(4,362)	(4,514)
Tax paid		(3,194)	(3,871)
<b>Net cash inflow from operating activities</b>		<b>33,103</b>	<b>37,396</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(1,001)	(1,205)
Payments for intangible assets		(1,505)	(2,850)
Bank interest received	<b>7</b>	377	135
<b>Net cash outflow from investing activities</b>		<b>(2,129)</b>	<b>(3,920)</b>
<b>Cash flows from financing activities</b>			
Loan to EBT		(985)	-
Repayment of interest on intercompany loan notes	<b>17</b>	(29,902)	-
Repayment of bank borrowings		(3,065)	(4,596)
Payment of lease liabilities		(2,498)	(2,487)
Net foreign exchange gains / (losses)		505	(2,879)
<b>Net cash outflow from financing activities</b>		<b>(35,945)</b>	<b>(9,962)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(4,971)</b>	<b>23,514</b>
Cash and cash equivalents at the beginning of the year		71,196	48,299
Effects of exchange rate changes on cash and cash equivalents		363	(617)
<b>Cash and cash equivalents at end of the year</b>	<b>16</b>	<b>66,588</b>	<b>71,196</b>

See notes 28 & 29 for details of the restatements made.

The notes on pages 17 to 49 form an integral part of these financial statements.

# **Boketto Newco Limited**

## **Annual report and financial statements for the year ended 31 December 2018**

### **Notes to the financial statements for the year ended 31 December 2018**

#### **1. General information**

Boketto Newco Limited ('the company') and its subsidiaries (together, 'the group'), provide tailor-made tour operator services in the United Kingdom and the United States of America. The company is a private company limited by shares and incorporated and domiciled in England & Wales, United Kingdom.

#### **2. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently to all years presented in these financial statements.

##### ***2.1 Basis of preparation of financial statements***

The financial statements of Boketto Newco Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

The prior year comparatives include a balance sheet restatement, disclosed in note 28.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

##### ***2.2 New and amended standards adopted by the group***

The group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

The group also elected to adopt the following amendments early:

- IFRS 16 Leases

The group had to change its accounting policies and make certain retrospective adjustments following the adoption of IFRS 9, IFRS 15 and IFRS 16 (see note 29). The other amendments listed above did not have any significant impact on the amounts recognised in the current or prior year and are not expected to significantly affect future years.

##### ***2.3 Consolidation***

The group's financial statements consolidate the financial statements of the company and its subsidiary undertakings for the year ended 31 December 2018.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

# **Boketto Newco Limited**

## **Annual report and financial statements for the year ended 31 December 2018**

### **Notes to the financial statements (continued) for the year ended 31 December 2018**

#### **2. Accounting policies (continued)**

##### **2.4 Business Combinations**

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

##### **2.5 Functional and presentation currency**

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are reported in pounds sterling, which is the functional currency of the parent company, and the presentation currency for the consolidated financial statements.

The results and financial position of the group entity that has a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

##### **2.6 Going concern**

Taking into account the trading of the group, the directors have a reasonable expectation that the company (and group) has adequate resources to continue in existence for the foreseeable future, being at least twelve months from the date the financial statements are signed. Therefore, they have adopted the going concern basis in preparing these financial statements. In concluding on going concern the directors have taken account of the following points.

The group uses external debt financing as part of a balanced capital structure (see note 19). The payments of capital and interest on external senior debt facilities are funded by intercompany loans from Audley Travel Group Limited. The resulting loan balance from Audley Travel Group Limited to the group holding companies is expected to be settled from future company dividends to the holding companies. Intercompany loans include loan notes between group companies which accumulate interest (not payable in cash) at 10% per annum.

Monthly cash flow forecasts have been prepared for the business to the end of 2020. These cash flows assume that the profitability of the trading company grows in accordance with the detailed business plan which has been approved by the board of directors. Management prepare cash flow forecasts that assume that all liabilities of the business are met in accordance with contractual terms.

The group has significant intercompany loans due to its immediate parent company that are repayable on demand. As a result, the company has net current liabilities. However, the directors have obtained a letter of support from the ultimate parent company, Boketto Holdco Limited, which confirms its intention to provide such financial support as is necessary to enable the group to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

##### **2.7 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Chief Executive Officer together with the board of directors.

## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Notes to the financial statements (continued) for the year ended 31 December 2018**

##### **2. Accounting policies (continued)**

###### **2.8 Revenue from contracts with customers**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for the sale of tailor-made holiday packages and other services supplied to customers in the ordinary course of business.

Ordinarily, a booking to deliver a tailor-made holiday package will constitute a single performance obligation which is satisfied over the duration of the holiday as the customer simultaneously receives and consumes the benefits of the group's performance.

Revenue is recognised over the duration of the holiday (taken as the time elapsed from departure to return), in line with the satisfaction of the performance obligation.

The group does not have any obligations for returns, refunds or warranties.

The group receives commission on referrals for travel insurance, which is recognised at the point at which the insurance company makes a sale from the referral. It is included in other income, together with sub-rental income.

###### **2.9 Contract liabilities and related expenditure**

Payments received from customers are recognised as a contract liability. Amounts due from customers, in line with cancellation terms, are included in contract liabilities at the point they are recognised in trade receivables.

Costs in respect of those services are recognised in line with revenue and included within trade payables. Costs paid prior to customer departure are recognised as a prepayment within trade and other receivables.

###### **2.10 Finance income and costs**

Interest income and interest expense is recognised using the effective interest rate method.

###### **2.11 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, where it is recognised in other comprehensive income or equity respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates (and laws) enacted or substantially enacted at the balance sheet date and any adjustments to tax payable in respect of previous years.

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 (and laws) enacted or substantially 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. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are only offset when there is a legally enforceable right to offset the current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

###### **2.12 Investments**

Investments in subsidiaries and associates are measured at cost less impairment.

## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Notes to the financial statements (continued) for the year ended 31 December 2018**

##### **2. Accounting policies (continued)**

###### **2.13 Property, plant & equipment**

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Right-of-use assets arising from lease agreements are recognised at the date at which the leased asset is available for use by the group. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leased assets, the shorter lease term as follows:

Buildings	5 years or the end of the end of the lease
Fixtures and fittings	3 years
Office equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate, at the end of each reporting year. The group assesses at each reporting date whether tangible fixed assets are impaired, and an asset's carrying amount is written down immediately to its recoverable amount if it's carrying amount is greater than its estimated recoverable amount.

###### **2.14 Intangible assets & goodwill**

###### *Goodwill*

Goodwill is stated at cost less any accumulated impairment losses. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs that is expected to benefit from the synergies of the combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

###### *Internally developed intangible assets*

Expenditure on internally developed intangible assets is capitalised if:

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

Capitalised development expenditure is stated at cost less accumulated amortisation. Other development expenditure is recognised in the statement of comprehensive income as an expense as incurred.

# **Boketto Newco Limited**

## **Annual report and financial statements for the year ended 31 December 2018**

### **Notes to the financial statements (continued) for the year ended 31 December 2018**

#### **2. Accounting policies (continued)**

##### **2.14 Intangible assets and goodwill (continued)**

###### *Intangible assets acquired as part of a business combination*

The group recognises intangible assets acquired in a business combination separately from goodwill provided they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. Intangible assets acquired in a business combination are initially recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

###### *Other intangible assets*

Other intangible assets, such as software licences, that are acquired by the group are stated at cost less accumulated amortisation.

###### *Amortisation*

Amortisation is charged to administrative expenses in the statement of comprehensive income 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. The estimated useful lives are as follows:

Internally developed intangibles	Straight-line	3 - 7 years
Software and software licences	Straight-line	3 - 5 years
Trademarks	Straight-line	20 years
Customer relationship assets	Straight-line	15 years

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

Intangible assets with finite lives are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable in accordance with IAS 36 *Impairment of assets*.

##### **2.15 Trade receivables**

Trade receivables are amounts due from customers in respect of holidays sold and other services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Amounts due from customers in respect of holidays sold are recognised in line with cancellation terms.

##### **2.16 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, cash in transit, and bank overdrafts. In the statement of financial position, overdrafts are shown within borrowings in current liabilities.

##### **2.17 Financial instruments**

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

###### *Classification*

A financial instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

- It is held for trading; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If an instrument does not meet these conditions, it is measured at FVTPL.

The group applies the IFRS9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Notes to the financial statements (continued) for the year ended 31 December 2018**

##### **2. Accounting policies (continued)**

###### **2.17 Financial instruments (continued)**

###### *Subsequent measurement*

Financial instruments at FVTPL are subsequently measured at fair value. Net gains and losses are recognised in profit or loss.

Financial instruments at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

###### *Derecognition*

The group derecognises a financial instrument when the contractual rights or obligations to the cash flows expire, or it transfers its right or obligation to the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial instrument are transferred.

###### *Derivative financial instruments and hedge accounting*

The group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss unless hedge accounting is applicable.

The group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the group documents the risk management objective and strategy for undertaking the hedge. The group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve as part of other reserves (note 23). The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

###### **2.18 Trade payables**

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

###### **2.19 Borrowings**

Borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost, with any transaction costs amortised to the statement of comprehensive income over the period of the borrowings using the effective interest method. Any related interest accruals are included within borrowings.

## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Notes to the financial statements (continued) for the year ended 31 December 2018**

##### **2. Accounting policies (continued)**

###### **2.20 Leases**

The group leases properties and office equipment. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments less any lease incentives. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability and any initial direct costs.

Extension and termination options are included in a number of the property leases. These terms are used to maximise operational flexibility. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

###### **2.21 Employee benefits**

The group operates a defined contribution pension scheme. A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income and retained earnings in the periods during which services are rendered by employees. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

###### **2.22 Provisions**

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

###### **2.23 Share capital**

Ordinary shares are classified as equity. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

###### **2.24 Convertible instruments**

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised costs basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.



## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Notes to the financial statements (continued) for the year ended 31 December 2018**

##### **2. Accounting policies (continued)**

###### **2.25 Share-based payments**

Share-based payment arrangements in which the group receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions. The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the vesting period.

##### **3. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

###### ***Critical accounting estimates and assumptions***

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

###### ***Share-based payments***

The charge reported in respect of share-based payments has been prepared by the directors in conjunction with external valuation experts using the Monte Carlo model. The underlying assumptions are set out in note 25.

###### ***Intangible assets***

After the initial capitalisation the directors, at least annually, undertake an assessment of the carrying value of the group's intangible assets to determine whether there is any indication that those assets have suffered an impairment loss (note 10).

###### ***Goodwill***

The directors test goodwill annually for impairment or more frequently if there are indications that goodwill may be impaired. The assumptions used in this test are set out in note 10.

###### ***Critical judgements in applying the group's accounting policies***

The following are the critical judgements that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

###### ***Revenue recognition***

In the directors' judgement, a booking to deliver a tailor-made holiday package constitutes a single performance obligation which is satisfied over the duration of the holiday.

Revenue is therefore recognised over the duration of the holiday in line with the satisfaction of the performance obligation which, in the directors' judgement, is the most appropriate revenue base as this matches the point at which the service is performed.

###### ***Intangible assets***

The directors use their judgement in applying the criteria set out in IAS 38 *Intangible Assets* to determine the extent to which intangible assets have a value that will benefit the performance of the group over future years. Where it is demonstrable that an asset is expected to confer benefits in future years, the asset is capitalised.

# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 4. Segmental analysis

Management has determined operating segments for the purposes of allocating revenue, resources and assessing performance.

	2018 UK&I £'000	2018 USA £'000	2018 Unallocated £'000	2018 Total £'000
<b>Revenue</b>	<b>216,449</b>	<b>74,785</b>	<b>-</b>	<b>291,234</b>
<b>Adjusted EBITDA</b>	<b>33,638</b>	<b>645</b>	<b>(352)</b>	<b>33,931</b>
Depreciation of property, plant & equipment	(1,751)	(1,578)	-	(3,329)
Amortisation of intangible assets	(987)	(25)	(4,896)	(5,908)
Operating exceptional items	(1,395)	(123)	(722)	(2,240)
Share-based payment	(153)	(111)	(425)	(689)
<b>Operating profit/ (loss)</b>	<b>29,352</b>	<b>(1,192)</b>	<b>(6,395)</b>	<b>21,765</b>
Net finance income/ (expenses)	204	(772)	(26,376)	(26,944)
<b>Profit/(loss) before tax from continuing operations</b>	<b>29,556</b>	<b>(1,964)</b>	<b>(32,771)</b>	<b>(5,179)</b>
	<b>Restated 2017 UK&amp;I £'000</b>	<b>Restated 2017 USA £'000</b>	<b>2017 Unallocated £'000</b>	<b>Restated 2017 Total £'000</b>
<b>Revenue</b>	<b>192,052</b>	<b>47,305</b>	<b>-</b>	<b>239,357</b>
<b>Adjusted EBITDA</b>	<b>26,436</b>	<b>(1,590)</b>	<b>77</b>	<b>24,923</b>
Depreciation of property, plant & equipment	(1,760)	(1,374)	-	(3,134)
Amortisation of intangible assets	(429)	(28)	(4,823)	(5,280)
Operating exceptional items	(1,168)	589	317	(262)
Share-based payment	(191)	(229)	(864)	(1,284)
<b>Operating profit/ (loss)</b>	<b>22,888</b>	<b>(2,632)</b>	<b>(5,293)</b>	<b>14,963</b>
Net finance expenses	(5,018)	(529)	(26,955)	(32,502)
<b>Profit/(loss) before tax from continuing operations</b>	<b>17,870</b>	<b>(3,161)</b>	<b>(32,248)</b>	<b>(17,539)</b>

Operating exceptional items are costs incurred by the group in relation to non-capital expenditure on one-time transformational projects, refinancing and restructuring.

See notes 29 for details of the restatements made.

# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 5. Operating profit

		2018	Restated 2017
	Note	£'000	£'000
<i>Operating profit is stated after charging:</i>			
Amortisation of intangible assets	10	5,908	5,280
Depreciation of property, plant & equipment	11	3,329	3,134
Share-based payments	25	689	1,284
Fees payable to the company's auditor		101	95
		<u>101</u>	<u>95</u>
<i>and after crediting other income as follows:</i>			
Rental income		500	433
Other operating income		578	450
		<u>578</u>	<u>450</u>

See note 29 for details of the restatements made.

The analysis of the auditors' remuneration is as follows:

	2018	2017
	£'000	£'000
<i>Fees payable to the company's auditors and its associates for the:</i>		
Audit of the parent company and consolidated financial statements	10	10
Audit of the company's subsidiaries	91	80
	<u>101</u>	<u>90</u>
<b>Total audit fees</b>	<b>101</b>	<b>90</b>
Other advisory services	11	5
	<u>11</u>	<u>5</u>
<b>Total non-audit fees</b>	<b>11</b>	<b>5</b>

#### 6. Employees and directors

##### *Employees*

The average number of persons (including executive directors) employed by the group during the year was:

	2018	2017
	Number	Number
Administrative	350	198
Sales	450	447
	<u>800</u>	<u>645</u>

## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Notes to the financial statements (continued) for the year ended 31 December 2018**

##### **6. Employees and directors (continued)**

Employee benefit expense during the year (including directors' remuneration) was:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	34,636	27,507
Social security costs	3,399	3,657
Share-based payment	689	1,284
Other pension costs	860	565
	<b>39,584</b>	<b>33,013</b>

US healthcare costs of £1,209k (2017: £955k) are included in 2018 within wages and salaries, having been included in social security costs in 2017.

##### ***Directors***

The directors' emoluments were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments	1,018	890
Company contributions to money purchase pension schemes	19	29
Share-based payment	247	247
	<b>1,284</b>	<b>1,166</b>

##### ***Highest paid director***

The highest paid director's emoluments were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments	459	415
Company contributions to money purchase pension schemes	13	23
Share-based payment	116	116
	<b>588</b>	<b>554</b>

##### ***Key management personnel***

Key management personnel emoluments were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments	1,369	1,318
Company contributions to money purchase pension schemes	30	39
Share-based payment	245	245
	<b>1,644</b>	<b>1,602</b>

##### ***Company***

There are no employees, other than directors, employed by the company (2017: none). None of the directors received any remuneration from the company in respect of their services (2017: none). Directors' remuneration is borne by Boketto Bidco Limited and Audley Travel, US Inc. on behalf of the company.

**Boketto Newco Limited****Annual report and financial statements for the year ended 31 December 2018****Notes to the financial statements (continued)  
for the year ended 31 December 2018****7. Finance income**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	377	135
Interest rate swap fair value movement	215	360
Net foreign exchange gain	617	-
	<b>1,209</b>	<b>495</b>

**8. Finance costs**

	<b>2018</b>	<b>Restated 2017</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest payable	508	491
Senior debt interest	3,835	4,053
Amortisation of senior debt costs	693	693
Loan note interest	22,489	20,583
Lease interest payable	628	808
Net foreign exchange loss	-	6,369
	<b>28,153</b>	<b>32,997</b>

See note 29 for details of the restatement made.

**9. Taxation**

The tax (credit) / charge included in loss comprises:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
Corporation tax	3,896	2,571
Adjustment in respect of prior years	(225)	(110)
Tax on loans to participants	328	-
<b>Total current tax</b>	<b>3,999</b>	<b>2,461</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(4,706)	(1,698)
Adjustment in respect of prior years	(1)	92
Effect of changes in tax rates	385	10
<b>Total deferred tax</b>	<b>(4,322)</b>	<b>(1,596)</b>
<b>Total tax (credit) / charge included in loss</b>	<b>(323)</b>	<b>865</b>

## Boketto Newco Limited

### Annual report and financial statements for the year ended 31 December 2018

#### Notes to the financial statements (continued) for the year ended 31 December 2018

##### 9. Taxation (continued)

The tax charge included in other comprehensive income comprises:

	2018 £'000	2017 £'000
<b>Deferred tax</b>		
Origination and reversal of timing differences	242	-
<b>Total tax charge included in other comprehensive income</b>	<b>242</b>	<b>-</b>

The differences between the total tax charge shown in the income statement above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2018 £'000	Restated 2017 £'000
<b>Loss before tax</b>	<b>(5,179)</b>	<b>(17,538)</b>
Tax on loss on ordinary activities at standard UK corporation tax rate of 19% (2017 restated: 19.25%)	(984)	(3,376)
<b>Effects of:</b>		
- Adjustment in respect of prior years	(226)	(18)
- Effect of changes in tax rates	385	10
- Effect of overseas tax rates	(219)	(402)
- Expenses not deductible for tax purposes	643	373
- Group relief surrendered	3,067	2,883
- Movement on unrecognised deferred tax assets	(3,131)	1,269
- Effects of changes in accounting policy	(186)	169
- Tax on loans to participators	328	-
- Differences in DT and CT Tax rates	-	12
- Income not subject to tax	-	(55)
<b>Total tax (credit) / charge for the year</b>	<b>(323)</b>	<b>865</b>

See note 29 for details of the restatement made.

The Finance Act 2016, which provides for reductions in the main rate of corporation tax from 19% to 17% effective from 1 April 2020 was substantively enacted on 13 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The group has unrecognised deferred tax assets of £nil (2017 restated: £1,026k) related to losses.

# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 10. Intangible assets

##### Group

	Goodwill £'000	Assets under construction £'000	Software and licences £'000	Internally developed intangibles £'000	Customer relationships £'000	Trademarks £'000	Total £'000
<b>Cost</b>							
At 1 January 2017	231,062	1,283	55	3,353	40,213	29,929	305,895
Additions	-	150	20	2,584	-	-	2,754
Disposals	-	(529)	-	-	-	-	(529)
Transfers	-	(755)	300	541	-	-	86
<b>At 31 December 2017</b>	<b>231,062</b>	<b>149</b>	<b>375</b>	<b>6,478</b>	<b>40,213</b>	<b>29,929</b>	<b>308,206</b>
At 1 January 2018	231,062	149	375	6,478	40,213	29,929	308,206
Additions	-	276	-	1,222	-	-	1,498
Transfers	-	-	(35)	109	-	-	74
<b>At 31 December 2018</b>	<b>231,062</b>	<b>425</b>	<b>340</b>	<b>7,809</b>	<b>40,213</b>	<b>29,929</b>	<b>309,778</b>
<b>Accumulated amortisation</b>							
At 1 January 2017	-	-	-	1,133	2,776	1,550	5,459
Charge for the year	-	-	123	1,151	2,011	1,995	5,280
Transfers	-	-	108	(112)	-	-	(4)
<b>At 31 December 2017</b>	<b>-</b>	<b>-</b>	<b>231</b>	<b>2,172</b>	<b>4,787</b>	<b>3,545</b>	<b>10,735</b>
At 1 January 2018	-	-	231	2,172	4,787	3,545	10,735
Charge for the year	-	-	142	1,760	2,011	1,995	5,908
Transfers	-	-	(33)	107	-	-	74
<b>At 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>340</b>	<b>4,039</b>	<b>6,798</b>	<b>5,540</b>	<b>16,717</b>
<b>Net book value:</b>							
<b>At 31 December 2018</b>	<b>231,062</b>	<b>425</b>	<b>-</b>	<b>3,770</b>	<b>33,415</b>	<b>24,389</b>	<b>293,061</b>
<b>At 31 December 2017</b>	<b>231,062</b>	<b>149</b>	<b>144</b>	<b>4,306</b>	<b>35,426</b>	<b>26,384</b>	<b>297,471</b>

Revenue of the acquired business is driven by a significant proportion of repeat customers and the Audley Travel brand is fundamental to the group's operating model. Therefore customer relationships, trademarks and software were recognised on the acquisition of Atlas Holdco 1 Limited by Boketto Bidco Limited on 18 December 2015. Goodwill arose upon the acquisition of Atlas Holdco 1 Limited.

## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Notes to the financial statements (continued) for the year ended 31 December 2018**

##### **10. Intangible assets (continued)**

###### *Impairment tests for goodwill*

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill may be impaired. The recoverable amounts of the cash generating units (CGUs) are determined from value in use calculations and assessment of the net realisable value of the CGU. Two CGUs have been identified (the two trading subsidiaries, Audley Travel Group Limited and Audley Travel, US Inc.) which align with the operating segments identified, as per note 4.

The key assumptions of the value in use calculation are the discount rates, the growth rates and the cash flow forecasts. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the group. The growth rates are based on the group's five year forecast and after excluding future profits from future capital expenditure.

The group prepares detailed cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and assumes a growth rate applied into perpetuity of 1.0% (2017: 1.0%).

The rate used to discount the forecast cash flows of both CGUs is a discount rate of 8.3% (2017: 8.2%).

The group has conducted a sensitivity analysis on the impairment of goodwill and has concluded that there are no reasonably foreseeable scenarios which would give rise to an impairment in the carrying value of goodwill.

###### **Company**

The company has no intangible assets (2017: none).



# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 11. Property, plant and equipment Group

	Buildings £'000	Fixtures and fittings £'000	Office equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>					
At 1 January 2017 as previously reported	952	950	1,399	181	3,482
Adoption of IFRS 16	17,237	-	-	-	17,237
<b>Restated at start of year</b>	<b>18,189</b>	<b>950</b>	<b>1,399</b>	<b>181</b>	<b>20,719</b>
Additions	4,968	359	628	-	5,955
Transfers	-	(496)	606	(196)	(86)
Exchange movements	(1,513)	20	33	15	(1,445)
<b>At 31 December 2017</b>	<b>21,644</b>	<b>833</b>	<b>2,666</b>	<b>-</b>	<b>25,143</b>
At 1 January 2018	21,644	833	2,666	-	25,143
Additions	263	61	1,278	-	1,602
Disposals	-	-	(130)	-	(130)
Exchange movements	799	25	37	-	861
<b>At 31 December 2018</b>	<b>22,706</b>	<b>919</b>	<b>3,851</b>	<b>-</b>	<b>27,476</b>
<b>Accumulated depreciation</b>					
At 1 January 2017 as previously reported	192	244	553	-	989
Adoption of IFRS 16	5,115	-	-	-	5,115
<b>Restated at start of year</b>	<b>5,307</b>	<b>244</b>	<b>553</b>	<b>-</b>	<b>6,104</b>
Charge for the year	2,180	458	496	-	3,134
Transfers	-	(447)	451	-	4
Exchange movements	(639)	13	33	-	(593)
<b>At 31 December 2017</b>	<b>6,848</b>	<b>268</b>	<b>1,533</b>	<b>-</b>	<b>8,649</b>
At 1 January 2018	6,848	268	1,533	-	8,649
Charge for the year	2,323	256	750	-	3,329
Disposals	-	-	(125)	-	(125)
Exchange movements	127	12	18	-	157
<b>At 31 December 2018</b>	<b>9,298</b>	<b>536</b>	<b>2,176</b>	<b>-</b>	<b>12,010</b>
<b>Net book value</b>					
<b>At 31 December 2018</b>	<b>13,408</b>	<b>383</b>	<b>1,675</b>	<b>-</b>	<b>15,466</b>
<b>At 31 December 2017</b>	<b>14,796</b>	<b>565</b>	<b>1,133</b>	<b>-</b>	<b>16,494</b>

## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Notes to the financial statements (continued) for the year ended 31 December 2018**

##### **11. Property, plant and equipment (continued)**

Buildings and Office equipment of the group include the following amounts where the group is a lessee:

	<b>2018</b>	<b>Restated</b>
	<b>£'000</b>	<b>2017</b>
		<b>£'000</b>
<b>Cost</b>		
Buildings	20,125	19,201
Office equipment	312	130
	<b>20,437</b>	<b>19,331</b>
<b>Accumulated depreciation</b>		
Buildings	7,252	5,115
Office equipment	36	83
	<b>7,288</b>	<b>5,198</b>
<b>Net book value</b>		
Buildings	12,873	14,086
Office equipment	276	47
	<b>13,149</b>	<b>14,133</b>

Previously costs in respect of building leases were included in administrative expenses, costs in respect of multi-media printer leases were capitalised and included in office equipment.

See note 29 for details of the restatement made.

The group has no amounts committed to capital expenditure at 31 December 2018 (2017: none).

##### **Company**

The company has no property, plant and equipment (2017: none).

The company has no amounts committed to capital expenditure at 31 December 2018 (2017: none).

## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Notes to the financial statements (continued) for the year ended 31 December 2018**

##### **12. Investments**

###### **Company**

	<b>2018 £'000</b>	<b>2017 £'000</b>
<b>Cost and net book value</b>		
At 1 January	1,540	1,540
At 31 December	<u>1,540</u>	<u>1,540</u>

###### **Subsidiary undertakings**

The company had the following subsidiaries at 31 December 2018:

<b>Company name</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class of share</b>	<b>Holding %</b>
Audley Travel Group Limited	United Kingdom	Tour operator	Ordinary	100
Audley Travel, US Inc.	United States of America	Tour operator	Ordinary	100
Journey Factory.com Limited	United Kingdom	Dormant	Ordinary	100
African Journeys Limited	United Kingdom	Dormant	Ordinary	100
Antelope Software Limited	United Kingdom	Dormant	Ordinary	100
Boketto Bidco Limited+	United Kingdom	Holding company	Ordinary	100

+ Held directly by Boketto Newco Limited.

The registered address of the companies incorporated in the United Kingdom is New Mill, New Mill Lane, Witney, Oxfordshire, OX29 9SX.

The registered address of Audley Travel, US Inc. is 77 North Washington Street, 6th Floor, Boston, MA 02114.

On 29 November 2018, the Board resolved to strike off Journey Factory.com Limited, African Journeys Limited and Antelope Software Limited. The process to strike off these companies completed on 26 March 2019.

###### **Group**

The group has no investments.

# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 13. Financial instruments

##### *Financial instruments by category*

The carrying values of the group's financial assets and liabilities are summarised by category below:

	2018 £'000	Restated 2017 £'000
<b>Financial assets</b>		
Financial assets at amortised cost:		
• Cash and cash equivalents (note 16)	66,588	71,196
• Trade and other receivables (note 15)	6,729	6,536
Derivative financial instruments:		
• Used for hedging (note 14)	2,136	842
	<u>75,453</u>	<u>78,574</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
• Borrowings (note 19)	78,636	81,029
• Trade and other payables (note 17)	225,818	236,010
• Accruals (note 17)	5,270	5,502
Derivative financial instruments:		
• Used for hedging (note 14)	549	1,173
	<u>310,273</u>	<u>323,714</u>

See notes 28 & 29 for details of the restatements made.

The carrying values of the company's financial assets and liabilities are summarised by category below:

	2018 £'000	2017 £'000
<b>Financial assets</b>		
Financial assets at amortised cost:		
• Trade and other receivables (note 15)	222,175	229,364
	<u>222,175</u>	<u>229,364</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
• Trade and other payables (note 17)	222,175	229,364
• Accruals (note 17)	10	-
	<u>222,185</u>	<u>229,364</u>

The group's exposure to various risks associated with the financial instruments is discussed in the strategic report. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 13. Financial instruments (continued)

##### *Credit quality of financial assets*

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The credit quality of financial assets that are neither past due or impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. All trade receivables are with counter parties without an external credit rating.

The group does not provide services to its customers until full payment has been received. The group's clients also typically fall within strong socioeconomic groups. Trade receivables have therefore been treated as one group, which is considered to have a very low credit risk associated with it. An analysis of overdue trade receivables is presented in note 15.

The counter parties of the derivative financial assets and liabilities are financial institutions with credit ratings between Baa3 to A1. Both the forward contracts and the interest rate swap are valued by external valuation experts at each year end.

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2018 £'000	Restated 2017 £'000
<b>Interest income and expense</b>		
Total interest income for financial assets at amortised cost	377	135
Total interest expense for financial liabilities at amortised cost	27,460	25,935
	<u>          </u>	<u>          </u>
<b>Fair value gains and losses</b>		
On derivative financial instruments measured at fair value through the Income statement	89	(2,997)
On derivative financial instruments measured at fair value through other comprehensive income	1,829	-
	<u>          </u>	<u>          </u>

See notes 28 & 29 for details of the restatements made.

#### 14. Derivative financial instruments

The group's hedging reserves relate to the following derivative financial instruments:

Group	Foreign currency contracts £'000	Interest rate swap £'000	Total £'000
<b>Opening balance at 1 January 2017</b>	3,159	(493)	2,666
On derivative financial instruments measured at fair value through the Income statement	(3,357)	360	(2,997)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Closing balance at 31 December 2017</b>	(198)	(133)	(331)
Change in fair value of hedging instrument recognised in OCI	1,829	-	1,829
Change in fair value of hedging instrument recognised in the Income Statement	(125)	214	89
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Closing balance at 31 December 2018</b>	1,506	81	1,587

# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 14. Derivative financial instruments (continued)

All derivative financial instruments held by the group are classified as Level 2 and are accounted for as cash flow hedges. Level 2 fair value measurements are derived from inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly.

The group enters into forward foreign currency contracts to limit their exposure to exchange rate fluctuations on supplier payments. All forward foreign currency contracts will be delivered in the next twelve months and are valued using quoted forward exchange rates at the end of the reporting year.

The floating to fixed interest rate swap was taken out by the group to hedge part of the senior debt drawn down. The arrangement will expire in 2020. The fair value of the swap is valued using a valuation model using quoted inputs.

#### Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year end. All contracts are due within 12 months of the reporting date.

	2018 £'000	2017 £'000
Notional value	73,770	47,226
Net fair value	1,506	(198)

The group engages a third party to value the derivatives and calculate the hedge effectiveness.

#### Interest rate swap

The floating to fixed interest rate swap was taken out to hedge part of the senior debt drawn down in the year and matures in 2-5 years. It is accounted for as a cash flow hedge and has an average contract fixed interest rate of 0.9275% (2017: 0.9275%).

	2018 £'000	2017 £'000
Notional value	45,000	50,000
Fair value	81	(133)

#### Company

The company has no derivative financial instruments (2017: none).

#### 15. Trade and other receivables

	Group 2018 £'000	Company 2018 £'000	Restated Group 2017 £'000	Company 2017 £'000
Trade receivables	782	-	717	-
Other receivables	838	-	1,920	-
Prepayments	23,155	-	17,273	-
Amounts due from group undertakings	5,109	222,175	3,899	229,364
	<u>29,884</u>	<u>222,175</u>	<u>23,809</u>	<u>229,364</u>

See note 28 & 29 for details of restatements.

# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 15. Trade & other receivables (continued)

##### Age analysis of trade receivables

	Group 2018 £'000	Company 2018 £'000	Restated Group 2017 £'000	Company 2017 £'000
Current	335	-	412	-
Overdue	447	-	305	-
	<u>782</u>	<u>-</u>	<u>717</u>	<u>-</u>

Amounts are presented after impairment provisions of £85k (2017: £104k).

The carrying amounts of trade receivables are denominated in the following currencies:

	Group 2018 £'000	Company 2018 £'000	Restated Group 2017 £'000	Company 2017 £'000
GBP	440	-	294	-
USD	266	-	373	-
CAD	66	-	48	-
EUR	10	-	2	-
	<u>782</u>	<u>-</u>	<u>717</u>	<u>-</u>

See notes 29 for details of the restatements made.

#### 16. Cash and cash equivalents

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
<b>Current</b>				
Cash at bank and in hand	56,588	-	61,196	-
<b>Non-current</b>				
Restricted cash	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Cash and cash equivalents	<u>66,588</u>	<u>-</u>	<u>71,196</u>	<u>-</u>

In March 2018, the Civil Aviation Authority ("CAA") granted the annual renewal of Audley Travel Group Limited's ATOL licence. As a condition of granting the licence, £10,000k was restricted from use until the next annual renewal in March 2019. As per note 21, management expect to renew the ATOL licence on substantially the same terms and conditions as currently agreed with the CAA, and therefore expect the restrictions on use to continue for the foreseeable future.

Cash and cash equivalents are subject to interest at floating rates. The credit quality of the financial institutions where the cash and cash equivalents are held are all rated by Moody's as between A1 to A3.

# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 17. Trade and other payables

	Group 2018 £'000	Company 2018 £'000	Restated Group 2017 £'000	Company 2017 £'000
Trade payables	6,504	-	10,055	-
Other payables	846	-	209	-
Payroll tax and other statutory liabilities	850	-	1,401	-
Accruals	5,269	10	5,502	-
Pension payable	151	-	107	-
Amounts owed to other group undertakings	218,317	222,175	225,639	229,364
	<u>231,937</u>	<u>222,185</u>	<u>242,913</u>	<u>229,364</u>
Corporation tax payable	1,475	-	777	-
	<u>233,412</u>	<u>222,185</u>	<u>243,690</u>	<u>229,364</u>

See notes 28 & 29 for details of the restatements made.

Amounts owed to group undertakings are unsecured, incur compound interest at 10% and are repayable on demand. During the year £29,902k of interest on amounts owed to other group undertakings was paid to Boketto Midco.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

The group operates a defined contribution scheme and the contributions are charged to the profit and loss account. The contributions charged in the year amounted to £860k (2017: £565k) with unpaid contributions at 31 December 2018 of £151k (2017: £107k).

#### 18. Contract liabilities

##### Group

The group has recognised the following liabilities related to contracts with customers:

	2018 £'000	2017 £'000
Current	104,969	86,110
Non-current	1,888	1,712
	<u>106,857</u>	<u>87,822</u>

Revenue of £152,426k was recognised in 2018 relating to carried forward contract liabilities (2017: £121,986k). No revenue was recognised in the year relating to performance obligations satisfied in a prior year (2017: nil).

Contract liabilities have continued to increase as the business continues to grow across all segments.

##### Company

The company has no contract liabilities (2017: nil).



# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 19. Borrowings

##### Group

	2018 £'000	Restated 2017 £'000
<b>Non-current</b>		
Senior debt (Facility A)	11,384	15,762
Senior debt (Facility B)	65,676	65,676
Capitalised costs of raising debt	(2,119)	(2,811)
Lease liabilities	12,185	13,155
	<b>87,126</b>	<b>91,782</b>
<b>Current</b>		
Senior debt (Facility A)	4,378	3,065
Interest on Senior debt	10	30
Capitalised costs of raising debt	(693)	(693)
Lease liabilities	1,983	1,775
	<b>5,678</b>	<b>4,177</b>

See notes 29 for details of the restatements made, and further information relating to loans from related parties is set out in note 26.

Facility A carries variable interest at LIBOR plus no more than 4%, dependent on the total net leverage ratio of the company. Facility A is repayable in bi-annual instalments commencing from 31 December 2016 and ending on 31 December 2021. Facility B carries variable interest at LIBOR plus no more than 4.5%, dependent on the total net leverage of ratio of the company. Facility B is repayable on 26 January 2023. To secure these borrowings, the group granted a fixed and floating charge over all the assets of Boketto Bidco Limited and its immediate parent Boketto Newco Limited.

Costs incurred of £4,838k in arranging and issuing the senior debt were capitalised and are being amortised over the terms of the loans. See note 8 for the details of the charge to the statement of comprehensive income.

The directors consider that the carrying amount of borrowings approximates to their fair value. The carrying amounts of the group's borrowings are denominated in Pounds Sterling, with the exception of some lease liabilities, which are denominated in United States Dollars.

##### Senior debt (net of issue costs)

	2018 £'000	2017 £'000
Between one and two years	5,303	3,685
Between two and five years	69,638	74,942
	<b>74,941</b>	<b>78,627</b>
On demand or within one year	3,695	2,402
	<b>78,636</b>	<b>81,029</b>

## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Notes to the financial statements (continued) for the year ended 31 December 2018**

##### **19. Borrowings (continued)**

###### **Lease liabilities**

	<b>2018</b>	<b>Restated</b>
	<b>2017</b>	
	<b>£'000</b>	<b>£'000</b>
Commitments in relation to leases are payable as follows:		
• Within one year	2,440	2,320
• Later than one year but not later than five years	8,022	8,204
• Later than five years	5,693	6,799
Minimum lease payments	<b>16,155</b>	<b>17,323</b>
Future finance charges	(1,987)	(2,393)
Recognised as a liability:	<b>14,168</b>	<b>14,930</b>
The present value of lease liabilities is as follows:		
• Within one year	1,983	1,775
• Later than one year but not later than five years	6,828	6,870
• Later than five years	5,357	6,285
Minimum lease payments	<b>14,168</b>	<b>14,930</b>

See notes 29 for details of the restatement made.

The group has an option to renew the agreement to lease one of the properties for an additional 10 years from the end of the current contractual term. There are no other renewal or purchase options (2017: nil), and no contingent rentals were paid during the year (2017: nil).

###### **Company**

The company has no borrowings (2017: none).

##### **20. Deferred tax**

###### **Group**

Deferred tax is provided as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	(134)	(95)
Short term trading timing differences	491	(104)
Non-trading timing difference	(767)	-
Recognised on acquired intangible assets	9,952	10,882
Losses	(2,954)	-
<b>Provision for deferred tax</b>	<b>6,588</b>	<b>10,683</b>

# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 20. Deferred tax (continued)

Reconciliation of deferred tax movement:

	2018 £'000	2017 £'000
At 1 January	10,683	12,279
Accelerated capital allowances	(39)	(73)
Short term trading timing differences	595	(593)
Recognised on acquired tangible assets	(930)	(930)
Losses	(2,954)	-
Non-trading timing difference	(767)	-
<b>At 31 December</b>	<b>6,588</b>	<b>10,683</b>

The group has no unrecognised deferred tax assets (2017: deferred tax assets of £1,026k).

#### Company

The company has no recognised or unrecognised deferred tax liabilities or assets (2017: none).

#### 21. External regulatory requirements & contingent liabilities

Audley Travel Group Limited, a subsidiary of the group currently holds an Air Travel Organisers' Licence ('ATOL') issued by the CAA and is an accredited agent of the International Air Transport Association ('IATA').

In order to offer air inclusive package holidays, Audley Travel Group Limited requires the annual renewal by the CAA of its ATOL licence. The CAA awards this on the basis of meeting agreed financial criteria and renews this in March (effective 1 April) each year. Audley Travel Group Limited has complied with these requirements during the years presented in these financial statements, and subsequent to 31 December 2018 to the date of signing these financial statements. The directors see no reason why the ATOL licence will not be renewed in March 2019 on substantially the same terms and conditions as currently agreed with the CAA.

Audley Travel Group Limited also complies with the financial criteria requirements of IATA.

As at 31 December 2018, there were contingent liabilities in respect of counter indemnities and guarantees given by the group, in the normal course of business, to banks in respect of CAA bonds amounting to £23,000k (2017: £23,000k).

There are no other material contingent liabilities (2017: none).

#### 22. Share capital

Authorised	2018 Number	2017 Number
<b>At 1 January and 31 December</b>		
Ordinary shares of £0.01 each	154,029,185	154,029,185
<b>Called up, allotted and fully paid</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
154,029,185 ordinary shares of £0.01 each	1,540	1,540

# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 23. Reserves

Accumulated losses includes the cumulative results for the group to date.

Movement in other reserves in the year is as follows:

	Restated FX on translation £'000	Hedging reserve £'000	Restated Total £'000
<b>At 1 January 2017</b>	-	-	-
Foreign exchange translation difference	460	-	460
<b>At 31 December 2017</b>	<b>460</b>	<b>-</b>	<b>460</b>
<b>At 1 January 2018</b>	<b>460</b>	<b>-</b>	<b>460</b>
Foreign exchange difference	(980)	-	(980)
Movement in cash flow hedges	-	1,829	1,829
Tax on movement in cash flow hedges	-	(242)	(242)
<b>At 31 December 2018</b>	<b>(520)</b>	<b>1,587</b>	<b>1,067</b>

The foreign exchange reserve includes the foreign exchange gains or losses arising on the consolidation of Audley Travel, US Inc.

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. The group defers the changes in the forward element of forward contracts in the costs of hedging reserve.

See note 29 for details of the restatements made.

#### 24. Cash generated from operations

	2018 £'000	Restated 2017 £'000
Operating profit	21,765	14,963
Depreciation of property, plant & equipment	3,329	3,134
Amortisation of intangible assets	5,908	5,280
(Increase) in trade and other receivables	(4,863)	(3,492)
(Decrease)/ Increase in trade and other payables	(3,933)	7,064
Increase in contract liabilities	17,764	17,019
Share-based payments	689	1,284
Disposals of non-current assets	-	529
<b>Cash generated from operations</b>	<b>40,659</b>	<b>45,781</b>

See notes 28 & 29 for details of the restatements made.

# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 25. Share-based payments

##### Group

During the year, B shares in the company's ultimate parent were issued to employees of the group. The B shares represent 'sweet' equity and receive dividends in preference to other classes of ordinary shares and a return on capital.

	2018 Number	2017 Number
Shares issued:		
B ordinary shares of £0.01 each	1,502	23,590
<b>Total</b>	<b>1,502</b>	<b>23,590</b>

The total shown in the table above excludes shares held in the employee benefit trust yet to be awarded.

The estimated fair value of the B shares when issued are measured using the Monte Carlo pricing model and assuming no dividends are expected. Expected volatility is estimated by considering historic average market share price volatility in the travel industry at the grant date and adjusting for specific business conditions/circumstances. The estimated fair value of the B shares issued in 2017 was £10.56 per share.

The total charge is being spread over five years from the grant date and the total charge in the year, included in operating profit, in relation to these awards and awards made in prior periods was £689k (2017: £1,284k), all in relation to equity-settled awards.

##### Company

There was no charge to the company in the year (2017: £nil).

#### 26. Related party transactions

##### Issue of shares

The group issued shares to the following related parties:

	2018 £	2017 £
<b>B ordinary shares of £0.01</b>		
Key management personnel	19,616	408

##### Loan notes issued to immediate parent company

	2018 £'000	2017 £'000
Balance at 1 January	225,639	205,056
Interest charged	22,489	20,583
Interest paid	(29,902)	-
<b>Balance at 31 December</b>	<b>218,226</b>	<b>225,639</b>

The outstanding loan notes carry non-cash interest at a fixed rate of 10% and mature on 18 December 2025.

## **Boketto Newco Limited**

### **Annual report and financial statements for the year ended 31 December 2018**

#### **Notes to the financial statements (continued) for the year ended 31 December 2018**

##### **26. Related party transactions (continued)**

*Transactions with directors and key management personnel*

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>(1) Employee Loans</b>		
Balance at 1 January	111	110
Loans advanced	18	-
Interest charged	5	1
	<hr/>	<hr/>
<b>Balance at 31 December</b>	<b>134</b>	<b>111</b>

Loans are repayable on 28 June 2021 and interest accrues on the balance of the loans at an annual rate equivalent to the official rate of interest published by HM Revenue & Customs.

##### **(2) Consultancy fees**

During the year, the group was charged consultancy fees of £67k (2017: £67k) by Solas Partnership Limited, a limited company of Richard Prosser (director of the company). At the year end, the group owed £20k (2017: £12k) to Solas Partnership Limited.

##### **27. Ultimate controlling party**

The company is a subsidiary undertaking of Boketto Midco Limited. The ultimate controlling party is Boketto Holdco Limited, incorporated in England and Wales, which is the largest group in which the results of the company are consolidated. The consolidated financial statements of this group are available to the public and may be obtained from New Mill, New Mill Lane, Witney, Oxfordshire, OX29 9SX.

##### **28. Prior period adjustments**

The financial statements presented for the year ended 31 December 2018 have been prepared with a correcting adjustment to the comparative figures for the prior period, in addition to the adjustments made due to changes in accounting policies (note 29).

The adjustment corrects an error in the prior period which understated prepayments and trade payables due to amounts being presented on a net basis. It has no impact on the group's income statement or cash flows.

The impact of the restatement on the statement of financial position is shown in note 29.

# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 29. Restatements

The tables below shows the impact of adopting IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases with effect from 1 January 2018 on the group financial statements.

#### *Consolidated statement of comprehensive income for the year ended 31 December 2017*

	As originally presented £'000	IFRS 9 £'000	IFRS 15 £'000	IFRS 16 £'000	Restated £'000
Revenue	241,725	84	(2,452)	-	239,357
Cost of sales	(188,959)	-	1,930	-	(187,029)
<b>Gross profit</b>	<b>52,766</b>	<b>84</b>	<b>(522)</b>	<b>-</b>	<b>52,328</b>
Administrative expenses	(38,337)	-	-	89	(38,248)
Other operating income	883	-	-	-	883
<b>Operating profit</b>	<b>15,312</b>	<b>84</b>	<b>(522)</b>	<b>89</b>	<b>14,963</b>
Finance income	495	-	-	-	495
Finance expenses	(32,467)	-	-	(530)	(32,997)
Net finance expenses	(31,972)	-	-	(530)	(32,502)
<b>Loss before taxation</b>	<b>(16,660)</b>	<b>84</b>	<b>(522)</b>	<b>(441)</b>	<b>(17,539)</b>
Taxation	(865)	-	-	-	(865)
<b>Loss for the year</b>	<b>(17,525)</b>	<b>84</b>	<b>(522)</b>	<b>(441)</b>	<b>(18,404)</b>
<b>Other comprehensive income (OCI)</b>					
Exchange differences on translating foreign operations	480	-	(32)	12	460
<b>Other comprehensive income for the year, net of tax</b>	<b>480</b>	<b>-</b>	<b>(32)</b>	<b>12</b>	<b>460</b>
<b>Total comprehensive income for the year</b>	<b>(17,045)</b>	<b>84</b>	<b>(554)</b>	<b>(429)</b>	<b>(17,944)</b>

# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 29. Restatements (continued)

##### *Consolidated statement of financial position as at 31 December 2017*

	As originally presented £'000	IFRS 9 £'000	IFRS 15 £'000	IFRS 16 £'000	Prior period adjustment £'000	Restated £'000
<b>Non-current assets</b>						
Intangible assets	297,471	-	-	-	-	297,471
Property, plant and equipment	2,408	-	-	14,086	-	16,494
Restricted cash	10,000	-	-	-	-	10,000
<b>Current assets</b>						
Trade and other receivables	100,773	(104)	(84,865)	228	7,777	23,809
Cash and cash equivalents	61,196	-	-	-	-	61,196
Derivative financial assets	842	-	-	-	-	842
<b>Total assets</b>	<b>472,690</b>	<b>(104)</b>	<b>(84,865)</b>	<b>14,314</b>	<b>7,777</b>	<b>409,812</b>
<b>Non-current liabilities</b>						
Contract liabilities	9,280	-	(7,568)	-	-	1,712
Derivative financial liabilities	133	-	-	-	-	133
Deferred tax liabilities	10,683	-	-	-	-	10,683
Borrowings	78,648	-	-	13,134	-	91,782
<b>Current liabilities</b>						
Trade and other payables	240,643	-	(5,507)	-	7,777	242,913
Contract liabilities	155,558	-	(69,448)	-	-	86,110
Derivative financial liabilities	1,040	-	-	-	-	1,040
Current tax	777	-	-	-	-	777
Borrowings	2,485	-	-	1,692	-	4,177
<b>Total liabilities</b>	<b>499,247</b>	<b>-</b>	<b>(82,523)</b>	<b>14,826</b>	<b>7,777</b>	<b>439,327</b>
<b>Net liabilities</b>	<b>(26,557)</b>	<b>(104)</b>	<b>(2,342)</b>	<b>(512)</b>	<b>-</b>	<b>(29,515)</b>
Share capital	1,540	-	-	-	-	1,540
Other reserves	480	-	(32)	12	-	460
Accumulated losses	(28,577)	(104)	(2,310)	(524)	-	(31,515)
<b>Total equity</b>	<b>(26,557)</b>	<b>(104)</b>	<b>(2,342)</b>	<b>(512)</b>	<b>-</b>	<b>(29,515)</b>

See note 28 for details of the prior period adjustment.



# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 29. Restatements (continued)

##### *Consolidated statement of financial position as at 31 December 2016*

	As originally presented £'000	IFRS 9 £'000	IFRS 15 £'000	IFRS 16 £'000	Restated £'000
<b>Non-current assets</b>					
Intangible assets	300,436	-	-	-	300,436
Property, plant and equipment	2,493	-	-	12,122	14,615
Restricted cash	10,000	-	-	-	10,000
<b>Current assets</b>					
Trade and other receivables	85,381	(187)	(65,661)	186	19,719
Cash and cash equivalents	38,299	-	-	-	38,299
Derivative financial assets	3,546	-	-	-	3,546
<b>Total assets</b>	<b>440,155</b>	<b>(187)</b>	<b>(65,661)</b>	<b>12,308</b>	<b>386,615</b>
<b>Non-current liabilities</b>					
Contract liabilities	5,588	-	(4,662)	-	926
Borrowings	82,831	-	-	11,061	93,892
Deferred tax liabilities	12,279	-	-	-	12,279
<b>Current liabilities</b>					
Trade and other payables	220,384	-	(4,328)	-	216,056
Contract liabilities	125,052	-	(54,883)	-	70,169
Current tax	2,188	-	-	-	2,188
Borrowings	2,242	-	-	1,331	3,573
Derivative financial liabilities	387	-	-	-	387
<b>Total liabilities</b>	<b>450,951</b>	<b>-</b>	<b>(63,873)</b>	<b>12,392</b>	<b>399,470</b>
<b>Net liabilities</b>	<b>(10,796)</b>	<b>(187)</b>	<b>(1,788)</b>	<b>(84)</b>	<b>(12,855)</b>
<b>Share capital</b>	<b>1,540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,540</b>
<b>Other reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated losses</b>	<b>(12,336)</b>	<b>(187)</b>	<b>(1,788)</b>	<b>(84)</b>	<b>(14,395)</b>
<b>Total equity</b>	<b>(10,796)</b>	<b>(187)</b>	<b>(1,788)</b>	<b>(84)</b>	<b>(12,855)</b>

# Boketto Newco Limited

## Annual report and financial statements for the year ended 31 December 2018

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 29. Restatements (continued)

##### *Consolidated statement of cash flows for the year ended 31 December 2017*

	As originally presented £'000	IFRS 16 £'000	Restated £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	43,623	2,158	45,781
Interest paid	(4,514)	-	(4,514)
Tax paid	(3,871)	-	(3,871)
<b>Net cash inflow from operating activities</b>	<b>35,238</b>	<b>2,158</b>	<b>37,396</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	(1,205)	-	(1,205)
Payments for intangible assets	(2,850)	-	(2,850)
Interest received	135	-	135
<b>Net cash (outflow) from investing activities</b>	<b>(3,920)</b>	<b>-</b>	<b>(3,920)</b>
<b>Cash flows from financing activities</b>			
Repayment of bank borrowings	(4,596)	-	(4,596)
Net foreign exchange losses	(2,879)	-	(2,879)
Payment of lease liabilities	(329)	(2,158)	(2,487)
<b>Net cash (outflow) from financing activities</b>	<b>(7,804)</b>	<b>(2,158)</b>	<b>(9,962)</b>
<b>Net increase in cash and cash equivalents</b>	<b>23,514</b>	<b>-</b>	<b>23,514</b>
Cash and cash equivalents at the beginning of the year	48,299	-	48,299
Effects of exchange rate changes on cash and cash equivalents	(617)	-	(617)
<b>Cash and cash equivalents at end of the year</b>	<b>71,196</b>	<b>-</b>	<b>71,196</b>

IFRS 9 and IFRS 15 have no impact on the consolidated statement of cash flows.