

Malvern Travel Limited

Report and Financial statements

Year ended

31 March 2018

Company Number 10049427

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Malvern Travel Limited

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Malvern Travel Limited

Company Information

Chairman	H Kimber
Chief Financial Officer	J McLaughlin
Chief Technical Officer	J Ross
Directors	A Kerkar A Goenka H Kimber J McLaughlin J Ross
Registered Office	3 rd Floor, 30 Millbank, London, SW1P 4DU
Company number	10049427
Bankers	State Bank of India, 15 King Street, London, EC2V 8EA Axis Bank Ltd, DIFC Branch, 701, Al Fattan Currency House Building, DIFC, P.O. Box 506593, Dubai, UAE
Auditor	BDO LLP, 55 Baker Street, London, W1U 7EU

Malvern Travel Limited

Strategic Report for the year ended 31 March 2018

This report sets out the Group and Company's aims and strategies whilst also highlighting those aspects of the financial statements that best reflect the Group's progress and performance during the year.

This report has been prepared by the Directors in accordance with the requirements of Section 414 of the Companies Act 2006. The company's independent auditor is required by law to report on whether the information given in the Strategic report is consistent with the financial statements. The auditor's report is set out on pages 10 to 12.

Strategic & Operational Review

Malvern Group Limited ('Malvern Group') is the 100% owner of Malvern Travel Limited which is the 100% owner of LateRooms Limited, Superbreak Mini Holidays Limited and Malvern Travel Technology Limited. Malvern Group was created in March 2016 and is owned 49% by Cox & Kings and 51% by Adiuva Investment fund.

LateRooms was founded in 1999 and previously owned by TUI prior to its acquisition by Cox and Kings in October 2015. The company specialises in hotel only post pay sales as a traditional online travel agent predominately serving UK consumer and corporate markets.

The hotel only OTA environment continues to be a challenging environment for LateRooms with the continued increase in the cost of acquiring traffic and lower brand awareness. The company has responded by introducing a new online acquisition strategy to maximise profitability within the paid search channel and also by increased focus within the affiliate and business markets.

Superbreak was founded in 1983 and was previously part of the Holidaybreak group, which was acquired by Cox & Kings in 2011. As the original short break specialist for the UK, it provides UK and overseas short breaks to UK customers.

The performance of Superbreak in FY18 reflects a difficult trading environment. Revenue was impacted by the terrorist attacks in both Manchester and London, the latter having an impact upon hotel, theatre and attraction bookings within the Capital. The company implemented a successful rebranding and TV campaign which produced significant increase in site traffic and brand recognition. The company also launched its first ever charter programme "Incredible Iceland", with significantly higher ABV and enhanced margin, this is planned to continue into FY19 across other destinations and will become an important revenue stream for the company.

Looking forward, the Malvern Group is embarking on a strategic change programme to position itself as the UK's leading B2B travel technology provider. During FY18 a significant proportion of the group's capital expenditure has been developing a single platform to provide all aspects of trips, from inspiration and planning through pre trip and in trip purchasing, to itinerary sharing and reviews. It is the objective of Malvern to deliver the first national solution within the industry, which can be then replicated in markets, both domestic and international. The Malvern Platform will be able to support the existing brands as well as providing a white label solution to other travel industry partners to support customer retention, loyalty and profitability by providing the first multi-product online market place for the travel industry.

Malvern Travel Limited

Strategic Report for the year ended 31 March 2018 (continued)

Financial Review and Key Performance Indicators

Turnover

Turnover in the year was £90m, turnover for the 12 months for the year ended 31 March 2017 was £100.3m. This reduction in revenue has come from the LateRooms business and is in line with the focus on profit maximisation as opposed to revenue growth. The Superbreak business has also seen a reduction in revenue due to the challenging trading environment in the travel industry in FY18 together with various terrorist attacks during the year affecting key destinations. However, as set out in the strategic review, the Group intend to grow future revenues by offering B2B travel technology solutions.

EBITDA

Earnings before interest, tax, depreciation, amortisation and separately identifiable items ('EBITDA') for the year was £7.9m compared to a comparable figure for the businesses in the group for the year ended 31 March 2017 of £8.3m.

	2018 £'000	2017 £,000
Loss before tax	(1,458)	(4,573)
Add back:		
Exceptional costs	531	2,048
Depreciation and amortisation	6,456	8,151
Finance expense	2,335	2,692
EBITDA	7,864	8,318

Loss Before Tax

The loss before tax was £1.5m (2017 - £4.6m) for the year which was in line with the directors expectations. This includes £0.5m (2017 - £2m) of non-recurring exceptional costs.

Balance Sheet and Cash Flow

The total comprehensive loss for the year of £1.4m coupled with the issue of share capital of £13m has resulted in an improved balance sheet for 2018 of £7.3m which is in line with expectations. The Directors expect to return to profits in future years. The total cash position for the year has increased from £2.0m to £2.8m.

Principal Activity

The principal activity of the companies within the Group continued to be that of a tour and travel operator and online hotel only provider.

Malvern Travel Limited

Strategic Report for the year ended 31 March 2018 (continued)

Principal Risks and Uncertainties

We regularly review the risks faced by the Group, including the social, environmental and ethical risks. The directors consider the major risks to delivering the company's strategy are those set out below:

Key Risk	Impact	Mitigation Strategy
Economic & Financial Condition	A prolonged economic downturn may lead to a reduction in levels of demand for our products and consequently impact Malvern Group's earning and financial position.	The Group's strategic focus continues to be late availability hotel rooms via Laterooms & flexible packaging through Superbreak. This mix of products across numerous customer segments and routes to markets provides us with trading resilience.
Foreign Exchange and Interest rates	Fluctuating exchange rates will have financial implications for Malvern (both transaction and translation) and could impact the selling price of holidays and therefore impact customer demand for some of our products and services.	Forward contracts to purchase currency are agreed with a company in the wider Cox and Kings Group who have access to purchase forward contracts. The amount of forward purchases are based on budget estimates which are monitored monthly.
Major external events	A proportion of our business is exposed to external events such as a terrorist incident.	Our business has crisis management procedures in place to handle any external incidents to ensure any disruption is kept to a minimum. Our businesses offer a range of products across different destinations to reduce reliance on a particular market.
Brand Recognition	Both Superbreak and LateRooms are reliant upon brand awareness to drive bookings.	Significant investment has been made within Superbreak; a re-branding project has recently been completed as well as plans for a national TV campaign. Continued investment in LateRooms search and user experience to improve the customer journey.
Technological developments and industry changes	The Group operates in a fast paced and competitive e-commerce environment. If the Group is unable to keep up with technological developments there is a risk that future bookings and revenues will be impacted.	The Group has responded to these challenges by continuing to invest in technological developments and is a significant area of focus for our IT department who operate in a fast paced and agile manner and are continually reassessing development needs.
Talent Management	The Group's success depends upon its ability to retain key individuals and talent. If the Group is unable to attract and retain talent, build future leadership capability, the Group risks not maximising financial performance.	The Group is currently delivering leadership development to all levels of management. There is an ongoing banding process to review staff remuneration, recruitment and organisational structure to ensure we have the right individuals in the right roles with a clear talent management and progression plan in place.
Cash flow and liquidity risk	The risk that trading performance underperformance, increased cost of debt and inefficient treasury management could lead to a reduction in liquidity and insufficient cash flow.	The Group manages liquidity risk through continuous monitoring of actual and forecast cash flows and maximising the working capital position. The Malvern Group has dedicated treasury resource managing the funds and liquidity across the whole group. In addition, external financial support is available as referenced in Note 2.

Malvern Travel Limited

Strategic Report for the year ended 31 March 2018 (continued)

Approval

This Strategic Report was approved for issue by the Board of Directors and signed on its behalf on 22/6/18



John McLaughlin
Director

Malvern Travel Limited

Directors' Report for the year ended 31 March 2018

The Directors whose names appear on the company information page were members of the Board at the time of approving the Directors' Report and hereby present their 2018 report with the financial statements for the year ended 31 March 2018.

Status and activities

The Company is registered in England and Wales with company number 10049427 and is domiciled in the United Kingdom.

The Group has its headquarters in the UK. The Group operates its undertakings through wholly owned subsidiary companies registered in the United Kingdom. The subsidiary undertakings affecting the Group's results and net assets are listed in Note 13 to the Financial Statements.

Activities and Business Review

The activities of the Group are that of a tour and travel operator focussing on experiential led short breaks and online accommodation only travel agent.

The Group's performance, activities during the period and future prospects are discussed in the Strategic Report as set out on pages 2 to 5.

The Financial Risk Profile

The Group's financial instruments comprise cash and various items such as debtors and creditors that arise directly in the normal course of the Group's operations and in financing the Group's operations. The main risks impacting the Group's operations are summarised on page 4. Further details are given in Note 21 to the Financial Statements.

The risks and uncertainties facing the Company are regularly reviewed by the Board and Management.

Research and Development

The group continues to invest in research and development. Costs in respect of the time spent on developing the websites and systems have been capitalised in the balance sheet. The amount of development costs capitalised in the year was £4,292k (2017 - £6,292k).

Results and Dividends

The Group's loss for the year after taxation was £1,406k (2017 - £4,274k). No dividends were declared or paid during the year under review.

Going Concern

Based on its Management's own internal evaluation, as discussed further in Note 2, the Directors have a reasonable expectation that the Group has and had access to adequate financial resources to continue in operational existence for the foreseeable future. For these reasons, the financial statements of the Group have been prepared on a going concern basis.

Malvern Travel Limited

Directors' Report for the year ended 31 March 2018 (continued)

Directors

Members of the Board who served as Directors throughout 2018, unless noted otherwise are:

A Kerkar
A Goenka
H Kimber
J McLaughlin (appointed 3 May 2017)
J Rigby (appointed 3 May 2017, resigned 11 May 2018)
J Ross (appointed 3 May 2017)
A Rodger (resigned 31 May 2017)

The Directors' do not hold any interests in the ordinary shares of the Company as at 31 March 2018 and at the date of signing of this report.

Indemnities and Insurance

The Company maintains Directors' and officers' liability insurance cover, to cover claims made against Directors and Officers of the Company, arising out of actions taken in relation to the Company's business.

Corporate Governance

The Company is not listed on a recognised stock exchange and so its Directors are not required to comply with the Financial Reporting Council's UK Corporate Governance Code. However, in so far as is appropriate and practical having regard to the size and nature of the Company the Directors recognise the importance of complying with recognised Corporate Governance Standards.

Corporate Responsibility

The Company places the highest priority on the health and safety of its employees, respect for the environment and active engagement with the local communities in which it operates.

Policy on Payment to Suppliers

Amounts due to suppliers and service providers are settled promptly within contractual terms, except in cases of dispute.

Employees

The Company's Board composition provides the platform for appropriate corporate governance and robust leadership in implementing the Company's strategies to meet its stated goals and objectives. The Group's employees and consultants play an integral part in executing its strategy and the overall success and sustainability of the organisation. The Group has a highly skilled and dedicated team of employees and consultants and places great emphasis on attracting and retaining quality staff. The Group holds its employees and consultants at all levels to high standards and expects the conduct of its employees to reflect mutual respect, tolerance of cultural differences, adherence to the corporate code of conduct and an ambition to excel in their various disciplines.

Disabled Employees

The policy of the Company is to give full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes and abilities. Whenever possible the Company continues to employ those employees who have become disabled. The Company makes arrangements for the training and career development of all disabled employees.

Malvern Travel Limited

Directors' Report for the year ended 31 March 2018 (continued)

Independent Auditor

Pursuant to s487 of the Companies Act, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

Disclosure of Information to Auditor

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

On behalf of the Board



John McLaughlin
Director

Date 22/6/18

Malvern Travel Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 for that year.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Malvern Travel Limited

Independent Auditor's Report to Members of Malvern Group Limited

Opinion

We have audited the financial statements of Malvern Travel Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent 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.

Malvern Travel Limited

Independent Auditor's Report to Members of Malvern Group Limited (*continued*)

Other Information

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

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

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

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

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

Matters on Which we are Required to Report by Exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Director's Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

Malvern Travel Limited

Independent Auditor's Report to Members of Malvern Group Limited (continued)

Responsibilities of Directors

As explained more fully in the Directors responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities For the Audit of the Financial Statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Dominic Stammers (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

22 June 2018

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

Malvern Travel Limited

Consolidated Statement of Comprehensive Income for the year ended 31 March 2018

	Note	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Revenue	4	89,977	100,319
Cost of sales		(47,660)	(55,578)
Gross profit		42,317	44,741
Distribution costs		(12,252)	(17,971)
Administrative expenses before exceptional costs		(28,657)	(26,603)
Exceptional costs	7	(531)	(2,048)
Administrative expenses		(29,188)	(28,651)
Profit/(loss) from operations	5	877	(1,881)
Finance expense	8	(2,335)	(2,692)
Loss before tax		(1,458)	(4,573)
Tax credit	10	52	299
Loss for the year after tax		(1,406)	(4,274)
Other comprehensive income		-	-
Total comprehensive loss		(1,406)	(4,274)

All profit and comprehensive income is attributable to the owners of the parent company and relates to continuing operations.

The notes on pages 21 to 44 form part of these financial statements.

Malvern Travel Limited

Consolidated Statement of Financial Position As at 31 March 2018

	Note	2018 £'000	2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	674	974
Intangible assets	12	32,205	34,009
Deferred tax asset	10	4,497	4,445
		<u>37,376</u>	<u>39,428</u>
Current assets			
Trade and other receivables	14	21,313	17,710
Cash and cash equivalents	15	2,760	1,971
		<u>24,073</u>	<u>19,681</u>
Total assets		<u>61,449</u>	<u>59,109</u>
Liabilities			
Current liabilities			
Trade and other payables	16	27,120	33,774
Loans and borrowings	19	4,096	-
		<u>31,216</u>	<u>33,774</u>
Non-current liabilities			
Loans and borrowings	19	22,913	29,609
		<u>22,913</u>	<u>29,609</u>
Total liabilities		<u>54,129</u>	<u>63,383</u>
NET ASSETS		<u>7,320</u>	<u>(4,274)</u>

Malvern Travel Limited

Consolidated Statement of Financial Position As at 31 March 2018 (continued)

	Note	2018 £'000	2017 £'000
Issued capital and reserves attributable to owners of the parent			
Share capital	17	13,000	-
Retained earnings	18	(5,680)	(4,274)
TOTAL EQUITY		7,320	(4,274)

The financial statements were approved and authorised for issue by the Board of Directors on 22/6/18 and were signed on its behalf by:



John McLaughlin
Director

The notes on pages 21 to 44 form part of these financial statements.

Malvern Travel Limited

Company Statement of Financial Position As at 31 March 2018

	Note	2018 £'000	2017 £'000
Assets			
Non-current assets			
Investments in subsidiaries	13	46,692	46,692
		<u>46,692</u>	<u>46,692</u>
Current assets			
Trade and other receivables	14	13,728	12,468
Cash and cash equivalents	15	88	77
		<u>13,816</u>	<u>12,545</u>
Total assets		<u>60,508</u>	<u>59,237</u>
Liabilities			
Current liabilities			
Trade and other payables	16	23,989	30,748
Loans and borrowings	19	4,096	3,200
		<u>28,085</u>	<u>33,948</u>
Total liabilities		<u>28,085</u>	<u>33,948</u>
Non-current liabilities			
Loans and borrowings	19	22,913	26,409
		<u>22,913</u>	<u>26,409</u>
NET ASSETS		<u>9,510</u>	<u>(1,120)</u>
Issued capital and reserves attributable to owners of the parent			
Share capital	17	13,000	-
Retained earnings	18	(3,490)	(1,120)
		<u>9,510</u>	<u>(1,120)</u>
TOTAL EQUITY		<u>9,510</u>	<u>(1,120)</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of profit or loss and other comprehensive income in these financial statements.

The loss after tax of the parent company for the year was £2,370,000 (2017 - £1,120,000).

The financial statements were approved and authorised for issue by the Board of Directors on 22/6/18 and were signed on its behalf by:


John McLaughlin
Director

The notes on pages 21 to 44 form part of these financial statements.

Malvern Travel Limited

Consolidated Statement of Cash Flows For the year ended 31 March 2018

	Note	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Cash flows from operating activities			
Loss for the year		(1,406)	(4,274)
Adjustments for:			
Amortisation of debt issue costs		455	672
Interest paid		1,880	2,020
Depreciation of property, plant and equipment		360	406
Amortisation of intangible fixed assets		6,096	7,745
Tax credit		(52)	(299)
		7,333	6,270
(Increase)/decrease in trade and other receivables	14	(11,328)	22,587
Increase/(decrease) in trade and other payables	16	754	(10,619)
Taxation paid		(130)	-
		(3,371)	18,238
Net cash flows from operating activities			
Investing activities			
Acquisition of subsidiary net of cash acquired		-	(38,668)
Purchases of property, plant and equipment	11	(60)	(101)
Purchase of intangibles	12	(4,292)	(6,292)
Loan made to related parties	22	7,400	(10,155)
		3,048	(55,216)
Net cash used in investing activities			
Financing activities			
Debt issue costs	19	-	(3,063)
New bank loans	19	-	32,000
Interest paid		(1,880)	(2,020)
Loans from related party undertakings	22	6,192	-
Repayment of loans	19	(3,200)	-
Loan from parent company		-	12,032
		1,112	38,949
Net cash from financing activities			
Net increase in cash and cash equivalents		789	1,971
Cash and cash equivalents at beginning of the year		1,971	-
		2,760	1,971
Cash and cash equivalents at end of the year	16		

Significant non-cash items have been included in the increase in trade and other payables for the 31 March 2018 year end. This relates to the allotment of 12,999,900 ordinary shares of £1 each in Malvern Travel Limited and was settled through the intercompany account with Malvern Group Limited.

The notes on pages 21 to 44 form part of these financial statements.

Malvern Travel Limited

Company Statement of Cash Flows For the year ended 31 March 2018

		Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
	Note		
Cash flows from operating activities			
Loss for the year		(2,370)	(1,120)
<i>Adjustments for:</i>			
Amortisation of debt issue costs		455	672
Interest paid		1,880	2,020
Increase in trade and other receivables	14	(9,115)	-
Increase/(decrease) in trade and other payables	16	649	(2,704)
Cash generated from operations		(8,501)	(1,132)
Income taxes paid		-	-
Net cash flows from operating activities		(8,501)	(1,132)
Investing activities			
Loan made to related parties	22	7,400	(7,400)
Acquisition of fixed asset investment	13	-	(46,692)
Loan made to group undertaking	22	-	(2,313)
Net cash used in investing activities		7,400	(56,405)
Financing activities			
New bank loans	19	-	32,000
Debt issue costs	19	-	(3,063)
Interest paid		(1,880)	(1,848)
Loan from parent company	22	-	12,032
Loans from related party undertakings	22	6,192	-
Repayment of loans	19	(3,200)	-
Loan from group undertakings	22	-	18,493
Net cash used in financing activities		1,112	57,614
Net increase in cash and cash equivalents		11	77
Cash and cash equivalents at beginning of the year		77	-
Cash and cash equivalents at end of the year	16	88	77

Significant non-cash items have been included in the increase in trade and other payables for the 31 March 2018 year end. This relates to the allotment of 12,999,900 ordinary shares of £1 each in Malvern Travel Limited and was settled through the intercompany account with Malvern Group Limited.

The notes on pages 21 to 44 form part of these financial statements.

Malvern Travel Limited

Consolidated Statement of Changes in Equity For the year ended 31 March 2018

	Share capital £'000	Retained earnings £'000	Total equity £'000
1 April 2017	-	(4,274)	(4,274)
Comprehensive loss for the year			
Loss	-	(1,406)	(1,406)
Total comprehensive loss for the year	-	(1,406)	(1,406)
Contributions by and distributions to owners			
Issued share capital	13,000	-	13,000
31 March 2018	13,000	(5,680)	7,320
	Share capital £'000	Retained earnings £'000	Total equity £'000
1 April 2016	-	-	-
Comprehensive loss for the period			
Loss	-	(4,274)	(4,274)
Total comprehensive loss for the period	-	(4,274)	(4,274)
Contributions by and distributions to owners			
Issued share capital	-	-	-
31 March 2017	-	(4,274)	(4,274)

The notes on pages 21 to 44 form part of these financial statements.

Malvern Travel Limited

Company Statement of Changes in Equity For the year ended 31 March 2018

	Share capital £'000	Retained earnings £'000	Total equity £'000
1 April 2017	-	(1,120)	(1,120)
Comprehensive loss for the year			
Loss	-	(2,370)	(2,370)
Total comprehensive loss for the year	-	(2,370)	(2,370)
Contributions by and distributions to owners			
Issued share capital	13,000	-	13,000
31 March 2018	13,000	(3,490)	9,510
	Share capital £'000	Retained earnings £'000	Total equity £'000
1 April 2016	-	-	-
Comprehensive loss for the period			
Loss	-	(1,120)	(1,120)
Total comprehensive loss for the period	-	(1,120)	(1,120)
Contributions by and distributions to owners			
Issued share capital	-	-	-
31 March 2017	-	(1,120)	(1,120)

The notes on pages 21 to 44 form part of these financial statements.

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018

1 General Information

Malvern Travel Limited is a private company limited by shares and incorporated and domiciled in England and Wales. The address of the registered office is given on the Company information page and the nature of the Company's operations and its principal activity are set out in the Directors' Report.

2 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied, unless otherwise stated.

The consolidated financial statements are presented in Sterling, which is also the Group's functional currency.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and interpretations (collectively IFRSs) as used by the European Union in force at the reporting date.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

The prior year financial statements have been prepared for a period longer than 12 months. The period is from 8 March 2016 (incorporation date) to 31 March 2017.

New standards, interpretations and amendments not yet effective

New standards, interpretations and amendments effective from 1 April 2017. There were no new standards or interpretations effective for the first time for periods beginning on or after 1 April 2017 that had a significant effect on the Group's financial statements. None of the amendments to Standards that are effective from that date had a significant effect on the Group's financial statements.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 9 - Financial Instruments (effective for accounting periods on or after 1 January 2018)
- IFRS 15 - Revenue from Contracts with Customers (effective for accounting periods on or after 1 January 2018)
- IFRS 16 - Leases (effective for accounting periods on or after 1 January 2019)
- Future amendments to existing standards - IAS 12, IAS 17, IFRS 2, IFRS 4, IFRIC 22 and IAS 40.

The directors have not yet fully evaluated the impact that IFRS 9, IFRS 15 or IFRS 16 standards will have on the financial statements of the Group.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

2 Accounting policies (continued)

Basis of consolidation

The group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March 2018.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

There are no material differences between accounting policies of the subsidiaries and those of the Group.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Going concern

The directors have prepared detailed forecasts for the foreseeable future and are satisfied that the Group will be able to operate within its current available facilities and available funding for a period of at least 12 months from the date of approval of these financial statements.

The Group has access to Shareholders' long term external funding facilities which can be made available in order to provide sufficient liquidity for the companies within the Group to meet their financial liabilities and meet day-to-day cash requirements. Furthermore, the Directors' have received a letter of support from one of the Group's shareholders confirming its intention to provide financial support to the Group if needed.

Having considered the Group's forecast and projections for a period of at least twelve months from the signing of the financial statements and the available facilities and funding to the Malvern Group, as well as the ability of the Shareholder to provide financial support should it be needed, the Directors have concluded that the Group has adequate external resources to meet its liabilities for the foreseeable future and therefore the financial statements have been prepared on a going concern basis.

Revenue Recognition

Revenue represents the amounts receivable in the normal course of business from the Group's two trading businesses Superbreak and LateRooms.

Amounts received prior to the year end in respect of services to be rendered in the following year are deferred to the following year. Revenue is stated net of refunds, customer compensation and value added tax.

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

2 Accounting policies (continued)

Superbreak

The revenue and pre-tax profit is wholly attributable to the business of tour and travel operations and arose in the UK. Revenue and expenses relating to holidays are taken to the Statement of Comprehensive Income on holiday departure.

Laterooms

Revenue represents commission on hotel bookings as an agent and is recognised on the date of the customers stay. The Company has one class of business, namely acting as an online accommodation distribution service.

Exceptional costs

Exceptional items are transactions that are not within the ordinary activities of the group and as such, are presented separately due to their size or incidence.

Finance costs policy

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest method.

Foreign currency transactions and balances

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the date of the Consolidated Statement of Financial Position are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

2 Accounting policies (continued)

Tax

Income tax expense or credit comprises current and deferred tax.

Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income. Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognised for the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries that will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse. Based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The carrying amounts of the Group's assets are reviewed at the date of each Consolidated Statement of Financial Position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Depreciation

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the asset. The estimated useful lives for the current and comparative periods are as follows:

Asset class	Depreciation method and rate
Leasehold improvements	- Straight line over the life of the lease
Fixtures and fittings	- 25% straight line method
Office and computer equipment	- 20-25% straight line method

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

2 Accounting policies (continued)

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the Statement of Comprehensive Income and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Internally generated intangible assets/capitalised development costs

Intangible assets related to internally generated intangible assets for website and mobile application development expenditure. Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated asset arising from the Company's website and mobile application development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probably future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised; development expenditure is recognised in the Statement of Comprehensive Income in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Externally acquired intangibles are initially recognised at cost and subsequently amortised on a straight line basis over their useful economic lives as follows:

Asset class	Depreciation method and rate
Developed Technology	- 1 to 10 years straight line
Customer relationships	- 2 to 8 years straight line
Brand value	- 10 years straight line

Customer relationships

The Group recognises an intangible asset in respect of customer relationships. The recoverable amount of customer relationships has been arrived at by preparing value in use calculations to calculate the present value of future cash flows based on the current trading profitability for the top customers. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and the useful economic life of the relationships.

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

2 Accounting policies (continued)

Brand value

The Group recognises an intangible in respect of the brand value of both Superbreak Mini-Holidays Limited and Laterooms Limited. The recoverable amount has been arrived at by preparing value in use calculations to calculate the present value of future cash flows based on the current trading profitability of both businesses. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and brand charge.

Amortisation

The charge in respect of periodic amortisation is derived by estimating the expected useful life of each asset and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced amortisation charge in the Consolidated Statement of Comprehensive Income.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Amortisation is charged to consolidated administrative expenses.

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Comprehensive Income when the asset is derecognised.

Impairment of tangible and intangible assets

At each Statement of Financial Position date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment of goodwill

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income.

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

2 Accounting policies (continued)

Investments

The parent company investment in subsidiary companies is held at cost less impairment as the fair value of these holdings cannot be measured reliably.

Any impairment charge is recognised in administrative expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one period or less (or in the normal operating cycle of the business if longer). They are classified as current assets, if not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one period or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs and the amount due on redemption being recognised as a charge to the Statement of Comprehensive Income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Leases

All leases held by the Group are classified as operating leases. Rentals payable or receivable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

Any benefits associated with the lease are recognised over the length of the lease.

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

The Group operates a defined pension contribution scheme for employees in the United Kingdom. Contributions payable to the Group's pension scheme are charged to the Consolidated Statement of Comprehensive Income in the period to which they relate.

Financial assets and liabilities

Classification

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Trade and other receivables that are short term in nature are stated at cost less any impairment provision.

Cash and cash equivalents represent bank balances and call deposits.

Financial liabilities include current borrowings and trade and other payables that are short term in nature and are stated at amortised cost.

3 Critical accounting judgements and key sources of estimation uncertainty

Use of estimates and judgement

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

Information about such judgements and estimates is contained in the accounting policies and/or the notes to the consolidated financial statements. Areas of judgement that have the most significant effect on the accounts recognised in the consolidated financial statements are the following:

Recoverability of internally-generated intangible assets

During the period, management considered the recoverability of its internally generated intangible assets of developed technology which is included in its balance sheet at £7m.

The various key projects continue to progress in a very satisfactory manner, and customer reaction has reconfirmed management's previous estimates of anticipated economic benefits from the projects.

Management are confident that the carried forward carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Identification and valuation of intangibles acquired in business combinations

Identifying and determining the fair value of intangibles acquired in business combinations requires estimation and judgement of the value of the cash flows related to the identified intangibles and a suitable discount rate in order to calculate the present value. As a result of this assessment, no intangibles other than goodwill have been recognised on acquisitions in the current and prior year. Judgement and estimation is also required in determining contingent consideration payable in respect of acquisitions.

Impairment of goodwill and other intangibles

Judgement is required as to whether there are any indicators of impairment in respect of intangible assets. For goodwill and where there are indicators of impairment in respect of other intangible assets management determine whether there is an impairment in the value of these assets. Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires an entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate net present value. Details of the impairment review are set out in Note 12.

4 Revenue

All revenue earned by the Group is in relation to the provision of services and arises from the United Kingdom.

5 Loss from operations

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
The operating loss is stated after charging/(crediting):		
Depreciation and amortisation	6,456	8,181
Foreign exchange gains	(138)	(537)
Operating lease expense	1,058	1,080
Auditors remuneration:		
- Parent company	10	10
- Audit of subsidiaries	50	40
- Non audit services	10	10
	<hr/>	<hr/>

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

6 Exceptional costs

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Acquisition costs	-	941
Restructuring costs	531	835
Relocation of finance team	-	63
Other	-	209
	<u>531</u>	<u>2,048</u>

7 Finance expense

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Finance costs		
Interest paid on bank overdrafts and borrowings	1,880	2,020
Amortisation of debt issue costs	455	672
	<u>2,335</u>	<u>2,692</u>

8 Employee costs

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
The aggregate payroll costs (including director's remuneration) were as follows:		
Wages and salaries	11,233	13,105
Social security costs	961	1,039
Pension costs	274	616
	<u>12,468</u>	<u>14,760</u>

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

8 Employee costs (continued)

	Year ended 31 March 2018 Number	Period ended 31 March 2017 Number
The average monthly number of employees, including directors, during the year was as follows:		
Administration	344	357
Directors	6	4
	<u>350</u>	<u>361</u>

The Company did not incur staff costs during the year. The average monthly number of employees in the Company, including the directors, during the year was 6 (2017 – 3) and the staff costs are incurred by the parent company.

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Remuneration (including benefits in kind)	7	433
Pension contributions	112	24
Compensation for loss of office	9	110
	<u>128</u>	<u>567</u>

During the year the number of directors who were receiving benefits was as follows:

	Number	Number
Accruing benefits under money purchase pension scheme	5	4
	<u>5</u>	<u>4</u>
In respect of the highest paid director:	£'000	£'000
Remuneration (including benefits in kind)	1	130
Payments to pension schemes	15	9
Compensation for loss of office	-	75
	<u>16</u>	<u>214</u>

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

10 Taxation

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
<i>Current taxation</i>		
UK corporation tax	-	-
UK corporation tax adjustment to prior periods	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	248	(523)
Adjustments in respect of prior year	(276)	(68)
Arising from change in tax rates	(24)	292
	<hr/>	<hr/>
Total deferred tax credit	(52)	(299)
	<hr/>	<hr/>
Taxation on profit	(52)	(299)
	<hr/>	<hr/>

Factors affecting tax charge in the year

The tax on loss before tax for the year is the standard rate of corporation tax in the UK of 19% (2017 - 20%).

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Loss before tax	(1,406)	(4,573)
	<hr/>	<hr/>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(267)	(915)
Effects of:		
Disallowable expenses	503	390
Fixed asset differences	29	29
Income not taxable	(46)	(27)
Other differences	29	-
Decrease in deferred tax from adjustments for prior periods	(276)	(68)
Increase in deferred tax due to changes in tax rates	(24)	292
	<hr/>	<hr/>
Total tax credit for year	(52)	(299)
	<hr/>	<hr/>

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

10 Taxation (continued)

Changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2015-16 on 26 October 2015, reducing the effective tax rate from 20% to 19% from April 2017, with a further reduction to 17% from April 2020. Deferred taxes at the reporting date have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax

Group

Deferred tax assets and liabilities

The deferred taxation balance is made up as follows:

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Accelerated capital allowances	5,168	7,538
Deferred tax liability arising on business combinations	(671)	(3,539)
Tax losses carried forward	-	147
Deferred tax credit for the year	-	299
	<hr/>	<hr/>
At 31 March 2018	4,497	4,445
	<hr/>	<hr/>

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

11 Property, plant and equipment

Group	Leasehold improvement £'000	Fixtures and fittings £'000	Office and computer equipment £'000	Total £'000
<i>Cost</i>				
At 1 April 2017	1,833	397	4,102	6,332
Additions	-	-	60	60
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	1,833	397	4,162	6,392
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2017	1,280	388	3,690	5,358
Charge for the year	148	4	208	360
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	1,428	392	3,898	5,718
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2018	405	5	264	674
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2017	553	9	412	974
	<hr/>	<hr/>	<hr/>	<hr/>

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

12 Intangible assets

Group	Goodwill £'000	Developed technology £'000	Customer relationships £'000	Brand value £'000	Total £'000
<i>Cost</i>					
At 1 April 2017	15,777	15,183	7,104	3,690	41,754
Additions	-	2,167	889	1,236	4,292
At 31 March 2018	15,777	17,350	7,993	4,926	46,046
<i>Amortisation</i>					
At 1 April 2017	-	5,984	1,392	369	7,745
Charge for the year	-	4,353	1,374	369	6,096
At 31 March 2018	-	10,337	2,766	738	13,841
<i>Net book value</i>					
At 31 March 2018	15,777	7,013	5,227	4,188	32,205
At 31 March 2017	15,777	9,199	5,712	3,321	34,009

Details of goodwill allocated to cash-generating units (CGUs) are as follows:

	2018 £'000	2017 £'000
Superbreak Mini-Holiday Group	11,905	11,905
Late Rooms Limited	3,872	3,872
Goodwill	15,777	15,777

Goodwill has been allocated to the internal CGU's which have been deemed to be the above legal entities acquired. Goodwill has been tested for impairment at 31 March 2018 by reference to the recoverable amount of the CGU.

No impairment has been provided for in the current year.

The recoverable amount of each CGU has been determined from value in use calculations based on cash flow projections from formally approved budgets covering a one year period to 31 March 2019 and then extrapolated to 2023 and in perpetuity thereafter.

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

12 Intangible assets (continued)

Key assumptions included in the extrapolated projections are a discount rate of 18.8% for both CGU's and growth rates of 0% for LateRooms Limited and 4% for Superbreak Mini-Holiday Group.

The value in use calculations uses a pre-tax discount rate which has been derived from a post-tax discount rate of 18.8% based on the Group's weighted average cost of capital. The growth rate and inflation have been based on independent economic data and reflect management's assessment of specific risks related to the CGU's, specifically in the geographic regions and market acquisitions made in the current year.

The actual total recoverable amounts for the appropriate CGU's exceed the carrying value by £5.6m (Superbreak £2.8m, Laterooms £2.8m).

13 Investments

Group subsidiaries

Details of the group subsidiaries as at 31 March 2018 are as follows:

Name of subsidiary	Principal activity	Proportion of ownership interest and voting rights
LateRooms Limited	Online accommodation distribution service	100%
Hotels London Limited	Online accommodation distribution service	100%
Superbreak Mini Holidays Group Limited	Tour and travel operations	100%
Superbreak Mini-Holidays Transport Limited	Tour and travel operations	100%
Superbreak Mini-Holidays Limited	Tour and travel operations	100%

The registered office of LateRooms Limited is The Peninsula Building, Victoria Place, Manchester, United Kingdom, M4 4FB.

The registered office of Hotels London Limited is 6th Floor 30 Millbank, London. United Kingdom, SW1P 4DU.

The registered office of the remainder of the subsidiary undertakings is Eboracum Way, Heworth Green, York, Yorkshire, YO31 7RE.

Summary of company investments

	2018 £'000	2017 £'000
Investments in subsidiaries	46,692	46,692

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

13 Investments (continued)

	2018 £'000
Subsidiaries	
<i>Cost or valuation</i>	
At 1 April 2017 and 31 March 2018	46,692
 <i>Carrying amount</i>	
At 31 March 2017 and 31 March 2018	46,692

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act:

Hotels London Limited
Superbreak Mini Holidays Group Limited

14 Trade and other receivables

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Trade receivables	2,890	3,251	-	-
Receivables from related parties	10,250	10,155	90	10,155
Receivables from group undertakings	3,379	-	13,635	2,313
Prepayments	4,208	4,304	3	-
Other receivable	456	-	-	-
Tax repayable	130	-	-	-
Total current trade and other receivables	21,313	17,710	13,728	12,468

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in Note 21.

Malvern Travel Limited

Notes Forming Part of the Financial Statements for the year ended 31 March 2018 (continued)

15 Cash and cash equivalents

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Cash at bank and in hand	2,760	1,971	88	77
Cash and cash equivalents in Statement of Cash Flows	2,760	1,971	88	77

16 Trade and other payables

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Trade payables	7,759	8,628	-	-
Other payables	1,309	1,828	-	-
Accrued expenses	3,166	1,442	193	202
Amounts due to related parties	7,003	518	6,821	20
Amounts due to group undertakings	-	-	11,843	18,494
Amounts due to parent company	-	12,032	5,132	12,032
Social security and other taxes	1,125	1,146	-	-
Deferred income	6,758	8,180	-	-
Total trade and other payables	27,120	33,774	23,989	30,748

The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in Note 21.

All amounts owed to the parent company or group undertakings are interest free and repayable on demand.

17 Share capital

	2018 Number	2018 £'000	2017 Number	2017 £'000
<i>Allotted, called up and fully paid</i> Ordinary shares of £1 each	13,000,000	13,000	100	-

On 19 September 2017 12,999,900 ordinary shares, with a par value of £1 per share, were issued for a total consideration of £12,999,900.

18 Reserves

Share capital

Share capital reserve represents the nominal value of the shares issued.

Retained earnings

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

19 Loans and borrowings

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Loans	28,800	32,000	28,800	32,000
Debt issue costs	(1,791)	(2,931)	(1,791)	(2,931)
	<u>27,009</u>	<u>29,609</u>	<u>27,009</u>	<u>29,609</u>
Maturity of debt:				
			Bank loan repayment 2018 £'000	Bank loan repayment 2017 £'000
In one year or less, or on demand			4,096	3,200
In more than one year but not more than two years			4,096	4,096
In more than two years but not more than five years			20,608	16,992
In more than five years			-	7,712
			<u>28,800</u>	<u>32,000</u>

The maturity of debt analysis for the 31 March 2017 year end as per the statement of financial position has been updated to reflect the repayment terms of the loan as disclosed above.

20 Obligations under leases and hire purchase contracts

Group

Operating leases

The total future value of minimum lease payments is as follows:

	Land and buildings 2018 £'000	Other 2018 £'000	Land and buildings 2017 £'000	Other 2017 £'000
Within one year	969	1,018	1,029	909
In two to five years	2,011	3,501	2,765	2,052
In over five years	-	-	288	-
	<u>2,980</u>	<u>4,519</u>	<u>4,082</u>	<u>2,961</u>

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

21 Financial instruments

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. Management monitors the return on capital on a regular basis. The Directors recognise this is an area where specific policies may require to be developed should the Group be exposed to wider financial risks as the business develops.

The financial assets for both the Group and Company comprise cash and cash equivalents and trade receivables. The financial liabilities for both the Group and the Company comprise short-term overdrafts, trade and other creditors.

Trade and other receivables and payables have varying remaining lives; however, their carrying value represents a close approximation to fair value.

Cash and cash equivalents are all readily available and therefore their carrying value represents a close approximation to fair value.

Financial Instruments by category

Financial Assets – Group

	Loans and receivables 2018 £'000	Loans and receivables 2017 £'000
Cash and cash equivalents	2,760	1,971
Trade receivables	2,890	3,251
Receivables from related parties	13,629	10,155
Total Financial Assets	19,279	15,377

Financial Assets – Company

	Loans and receivables 2018 £'000	Loans and receivables 2017 £'000
Receivables from group undertakings	17,104	12,468
Total Financial Assets	17,104	12,468

Amounts overdue which have been provided for within the above total amount to £43k. All other amounts are considered to be recoverable. The bad debt expense recognised in the Statement of Comprehensive Income for the year ending 31 March 2018 totals £102k.

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

21 Financial instruments (continued)

Financial Liabilities - Group

	Loans and payables 2018 £'000	Loans and payables 2017 £'000
Trade and other payables	10,193	11,602
Accrued expenses	3,166	1,442
Amounts due to related parties	7,003	518
Total Financial Liabilities	20,362	13,562

Financial Liabilities - Company

	Loans and payables 2018 £'000	Loans and payables 2017 £'000
Accrued expenses	193	202
Amounts due to group undertakings	27,175	30,546
Total Financial Liabilities	27,368	30,748

Company

Exposure to interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates and interest rates. However the Group has access to hedging instruments through the wider group to protect against currency risks.

The Group's policy is to retain its surplus funds on short-term deposits, usually between one week and three months duration, at prevailing market rates. Credit risk is managed by ensuring that surplus funds are only deposited with financial institutions of high quality credit standing.

Credit risk and impairment

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Group's credit risk is attributable to cash and trade receivables. The credit risk on cash is limited because the Group invests its cash in deposits with well-capitalised financial institutions with strong credit ratings. The Group also considers credit risk of new customers before offering credit terms.

Trade receivables consist of a large number of customers throughout the UK. The credit risk of these companies is assessed as low. The aging profile of the Group's trade receivables net provision is disclosed below.

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

21 Financial instruments (continued)

	Gross	Impaired	Carrying Value
31 March 2018	£'000	£'000	£'000
Up to 30 days	2,464	-	2,464
30+ days	469	(43)	426
Total	2,933	(43)	2,890

	Gross	Impaired	Carrying Value
31 March 2017	£'000	£'000	£'000
Up to 30 days	2,702	-	2,702
30+ days	599	(50)	549
Total	3,301	(50)	3,251

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises two main types of risk: currency risk and interest risk. An assessment of the Group's exposure is given below.

Foreign exchange risk

Transactional foreign currency exposures arise from the cost of foreign hotels and other supplies being settled in currencies other than Pounds Sterling. The Group has access to forward contracts contracted with the wider Cox and Kings Group to minimise this risk.

At the year-end, the majority of the Group's cash resources were held in Sterling to reduce the risks associated with exchange rate fluctuations.

Sensitivity analysis

The table below shows an analysis of cash and cash equivalents denominated by currency:

Cash held by group	2018 £'000	2017 £'000
Pounds sterling	2,552	1,840
US Dollars	62	32
Euros	56	34
Others	90	65
Total	2,760	1,971

A 10% reduction in the value of exchange rates used since the year end would have negligible impact as the majority of cash held is maintained in Sterling.

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

21 Financial risk management and impairment of financial assets (continued)

Fair values

It is the Board's opinion that the carrying values of the cash and cash equivalents, the other receivables, all trade and other payables, current and non-current borrowings and investments in the Consolidated Statement of Financial Position represent their fair values.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Treasury activities take place under procedures and policies approved and monitored by the Board to minimise the financial risk faced by the Group. Interest-bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. The Group is not exposed to any significant interest rate risk as the amount of interest receivable is insignificant and the majority of the interest rate in respect of the Group's borrowings is at a fixed rate of interest.

Liquidity risk

The Group and Company manages its liquidity requirements by using both short and long-term cash flow projections. Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group has access to long term external funding facilities which can be made available in order to provide sufficient liquidity for the companies within the Group to meet their financial liabilities and meet day-to-day cash requirements. Furthermore, the Directors have received a letter of support from one of the Group's shareholders continuing its intention to provide financial support to the Group if needed.

22 Related party transactions

During the year the Group did not enter into any transactions with Directors other than Directors emoluments as given in Note 9.

Other related party transactions

During the year, the Group entered into the following transactions with related parties which are subsidiaries of Cox and Kings Limited. Cox and Kings holds a 49% shareholding in Malvern Travel Limited:

2018	Sale of goods during the year £'000	Amounts receivable at the year £'000
Cox & Kings UK Ltd	1,000	563
Meininger Amsterdam B.V.	540	540
Cox & Kings Tours LLC	2,257	2,257
Tempo Holidays Pty Ltd	2	-
Ezeego One Travel and Tours Ltd	6,800	6,800
Cox and Kings Dubai	-	90
Total	10,599	10,250

Malvern Travel Limited

Notes Forming Part of the Financial Statements For the year ended 31 March 2018 (continued)

22 Related party transactions (continued)

2018		Purchase of goods during the year £'000	Amounts payable at the year end £'000	
	Cox & Kings UK Ltd	1,780	600	
	Cox & Kings India Ltd	-	18	
	Holidaybreak Ltd	-	193	
	Prometheon Enterprises Ltd	-	6,192	
		<hr/>	<hr/>	
		1,780	7,003	
		<hr/>	<hr/>	
2017		Sale of goods during the year £'000	Amounts receivable at the year £'000	Related party loan balances £'000
	Cox & Kings UK Ltd	4	1	-
	Cox & Kings India Ltd	-	-	-
	Cox & Kings Dubai	2,754	2,754	-
	Prometheon Enterprises Ltd	-	-	7,400
	Tempo Holidays Pty Ltd	1	-	-
	Other	-	-	-
		<hr/>	<hr/>	<hr/>
	Total	2,759	2,755	7,400
		<hr/>	<hr/>	<hr/>
2017		Purchase of goods during the year £'000	Amounts payable at the year end £'000	
	Cox & Kings UK Ltd	1,914	234	
	Holidaybreak Ltd	-	265	
	Cox & Kings India Ltd	18	18	
		<hr/>	<hr/>	
		1,932	517	

23 Ultimate parent company

Malvern Travel Limited is a wholly owned UK subsidiary of Malvern Group Limited (formerly Malvern Enterprise Limited), a company incorporated in England and Wales.

The controlling party is Adiuvat Investment fund by virtue of its 51% shareholding in Malvern Group Limited. Adiuvat Investment fund, which is incorporated in Cayman Islands, is the largest group in which the results of the Company are consolidated. The remaining 49% shareholding is held by Cox & Kings Limited. Copies of Cox & Kings Limited consolidated financial statements can be obtained from the Company Secretary at 15th Floor, Turner Morrison Building, 16 Bank Street, Fort. Mumbai-400 001.