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**ALPHA HOLIDAYS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2019**

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## ALPHA HOLIDAYS LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	S K Edara P Panteli R D Francis (appointed 16 July 2019) C M Thorpe (resigned 16 July 2019)
<b>Company secretary</b>	J P Secretarial Services Limited
<b>Registered number</b>	10270092
<b>Registered office</b>	2nd Floor, Nucleus House 2 Lower Mortlake Road Richmond TW9 2JA
<b>Independent auditors</b>	White Hart Associates (London) Limited Chartered Accountants and Statutory Auditors 2nd Floor, Nucleus House 2 Lower Mortlake Road Richmond TW9 2JA

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**ALPHA HOLIDAYS LIMITED**

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## ALPHA HOLIDAYS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

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#### Introduction

The directors present their strategic report for the year ended 31 October 2019.

#### Business review

The company is required by the Companies Act to set out in this report, a fair review of the business during the financial year ended 31 October 2019, and the position of the Company at the end of the period, together with a description of the principal risks and uncertainties facing the Company.

This review is prepared solely to provide additional information to shareholders to assess the Company's strategies to succeed, and the business review should not be relied upon by any other party or for any other purpose. This report forms only a part of the company's financial statements, a full copy of which can be obtained at the company's registered office.

The directors consider the results to be satisfactory during a period of significant change for the business. Since the acquisition of the online business of Alpharooms.com on 20 October 2016, the directors have implemented significant changes to the operations of the business and streamlined business processes. The lower gross retail turnover in 2019 was the result of a decision to reduce reliance on the sale of lower commission products, and a focus to enhance the underlying technology platforms of the business and the efficiency of the operations in order to capitalise on higher commission products. The results for the period include one off restructuring costs incurred during the period as detailed in note 11 of the financial statements.

The key performance indicators used by the directors to monitor the progress of the company are set out below:-

#### Key performance indicators

	2019	2018
	£	£
Gross retail turnover - "GRT"	47,792,063	75,488,395
Turnover - commissions and margin	5,935,270	9,770,870
Turnover as a percentage of GRT	12.42%	12.94%
Earnings before interest, taxation, depreciation and amortisation - "EBITDA"	934,137	1,924,996
Exceptional costs (Note 11)	178,717	617,939
Fair value movements relating to foreign exchange contracts	111,877	230,593
Underlying EBITDA before exceptional costs	<u>1,224,731</u>	<u>2,773,528</u>

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

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**Principal risks and uncertainties**

The company has identified a number of risks and uncertainties that could potentially damage the current business model and further growth opportunities.

- The company is exposed to various regulators, including the Civil Aviation Authority ("CAA") which issues an Air Travel Organisers' Licence ("ATOL") which is required in order for the company to operate. This licence is renewed in March each year and is subject to assessments of fitness and financial criteria, the framework of which is available on the CAA website ([www.caa.co.uk](http://www.caa.co.uk)).

- **Market risks** - The principal risks and uncertainties continue to be economic. Pressures on disposable income in the UK and the austerity measures imposed in key destination markets continue to impact buying decisions and have increased the level of consumer uncertainty. The travel industry remains highly competitive and is exposed to changes in consumer buying patterns with increased usage of the internet and mobile devices in purchasing holidays and travel arrangements. The company continues to focus on its distribution channels, service, offering and the opportunities that are arising from the dynamic and uncertain environment. There is continuing pressure from suppliers to reduce the margins third parties can earn, as they seek to increasingly control their distribution.

- **Information technology** - The company is heavily reliant upon information technology. Investment is made to ensure that the company has advanced and efficient systems in place but there is a risk if there were a major failure - particularly if it were to affect its website. Procedures are in place to minimise the time to rectify such a failure.

- **Commercial relationships** - The company has well established and close relationships with suppliers and risk is spread by not placing over-reliance on any one supplier in any particular area. However, if a relationship were lost or damaged with a major supplier this could have a detrimental effect on the business. The management team meets regularly with suppliers to maintain good working relationships and to understand the supplier's financial position.

- **Commercial risks** - The company's trading performance can be affected by environmental factors , which include:

- acts of terrorism, particularly in key tourist destinations

- natural disasters in key tourist destinations

- weather conditions, both in the UK and in key tourist destinations

- health epidemics in key tourist destinations

- increase in government taxes in both UK and overseas

- wars or other international incidents which affect air or sea travel

- UK vote to leave European Union (known as "Brexit")

This report was approved by the board on 27 February 2020 and signed on its behalf.

**S K Edara**  
**Director**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**Directors' responsibilities statement**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

**Principal activity**

The company's principal activity during the year was that of an online travel agent. The company is a member of the Travel Trust Association ("TTA") and holds an ATOL (Air Travel Organisers' Licence) granted by the Civil Aviation Authority.

**Results and dividends**

The loss for the year, after taxation, amounted to £1,401,803 (2018 - loss £101,519).

No dividends were paid or proposed for the year.

**Directors**

The directors who served during the year were:

S K Edara

P Panteli

R D Francis (appointed 16 July 2019)

C M Thorpe (resigned 16 July 2019)

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## ALPHA HOLIDAYS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2019

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#### Future developments

The UK market conditions are expected to remain challenging but the company prospects are good, bookings remain strong and the directors are confident of controlled growth in 2020. While growing the business the directors will continue to review its fixed and variable costs with a view to implementing the efficiencies to its operations wherever practical and possible.

#### Employee involvement

#### Disclosure of information to auditors

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

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

#### Post balance sheet events

There have been no significant events affecting the Company since the year end.

#### Auditors

The auditors, White Hart Associates (London) Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 February 2020 and signed on its behalf.

**S K Edara**  
Director

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHA HOLIDAYS LIMITED

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**Opinion**

We have audited the financial statements of Alpha Holidays Limited (the 'Company') for the year ended 31 October 2019, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

**The impact of uncertainties due to Britain exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of investments, intangible assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHA HOLIDAYS LIMITED (CONTINUED)

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**Conclusions relating to going concern**

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

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

**Other information**

The 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 Auditors' 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.

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHA HOLIDAYS LIMITED (CONTINUED)

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

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

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

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

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

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ALPHA HOLIDAYS LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHA HOLIDAYS LIMITED (CONTINUED)

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**Use of our report**

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Ms N A Spoor ACA FCCA (Senior Statutory Auditor)

for and on behalf of

**White Hart Associates (London) Limited**

Chartered Accountants and Statutory Auditors

2nd Floor, Nucleus House

2 Lower Mortlake Road

Richmond

TW9 2JA

27 February 2020

ALPHA HOLIDAYS LIMITED

INCOME STATEMENT  
FOR THE YEAR ENDED 31 OCTOBER 2019

	Note	2019 £	2018 £
<b>Gross Retail Turnover ("GRT")</b>		<b>47,792,063</b>	<b>75,488,395</b>
Turnover	3	5,935,270	9,770,870
<b>Gross profit</b>		<b>5,935,270</b>	<b>9,770,870</b>
Distribution costs		(2,208,911)	(3,074,596)
Administrative expenses		(5,813,906)	(6,673,285)
Other operating income	4	1,096,997	623,940
Fair value movements		(111,877)	(230,593)
Exceptional costs	11	(178,717)	(617,939)
<b>Operating loss</b>		<b>(1,281,144)</b>	<b>(201,603)</b>
Interest receivable and similar income	8	332	3,456
Interest payable and similar expenses	9	(1,155)	(290)
<b>Loss before tax</b>		<b>(1,281,967)</b>	<b>(198,437)</b>
Tax on loss	10	(119,836)	96,918
<b>Loss for the financial year</b>		<b>(1,401,803)</b>	<b>(101,519)</b>
		<b>2019 £</b>	<b>2018 £</b>
<b>Earnings before interest, taxation, depreciation and amortisation ("EBITDA")</b>		<b>(1,281,144)</b>	
Operating (loss)		)	(201,603)
		<b>72,370</b>	
Depreciation of tangible fixed assets			65,112
		<b>111,877</b>	
Fair value movements relating to foreign exchange derivative contracts			230,593
		<b>2,142,911</b>	
Amortisation of intangible assets			2,061,487
		<b>178,717</b>	
Exceptional costs (Note 11)			617,939
		<b>1,224,731</b>	
<b>Underlying EBITDA</b>			<b>2,773,528</b>

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ALPHA HOLIDAYS LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 OCTOBER 2019

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	Note	2019 £	2018 £
Loss for the financial year		(1,401,803)	(101,519)
Other comprehensive income			
Total comprehensive income for the year		<u>(1,401,803)</u>	<u>(101,519)</u>

The notes on pages 14 to 29 form part of these financial statements.

**ALPHA HOLIDAYS LIMITED**  
**REGISTERED NUMBER: 10270092**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 OCTOBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	12	3,887,060	5,704,275
Tangible assets	13	78,594	134,754
Investments	14	30,000	30,000
		<u>3,995,654</u>	<u>5,869,029</u>
<b>Current assets</b>			
Debtors	15	12,124,432	19,166,169
Cash at bank and in hand	16	1,253,048	1,966,327
		<u>13,377,480</u>	<u>21,132,496</u>
Creditors: amounts falling due within one year	17	(19,275,639)	(27,502,227)
<b>Net current liabilities</b>		<u>(5,898,159)</u>	<u>(6,369,731)</u>
<b>Total assets less current liabilities</b>		<u>(1,902,505)</u>	<u>(500,702)</u>
Creditors: amounts falling due after more than one year	18	(2,500,000)	(2,500,000)
<b>Net liabilities</b>		<u><u>(4,402,505)</u></u>	<u><u>(3,000,702)</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	39,996	39,996
Capital redemption reserve	21	59,994	59,994
Profit and loss account	21	(4,502,495)	(3,100,692)
		<u><u>(4,402,505)</u></u>	<u><u>(3,000,702)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 February 2020.

**S K Edara**  
**Director**

The notes on pages 14 to 29 form part of these financial statements.

ALPHA HOLIDAYS LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 OCTOBER 2019

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
<b>At 1 November 2017</b>	39,996	59,994	(2,999,173)	(2,899,183)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(101,519)	(101,519)
<b>Total comprehensive income for the year</b>	-	-	(101,519)	(101,519)
<b>At 1 November 2018</b>	39,996	59,994	(3,100,692)	(3,000,702)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(1,401,803)	(1,401,803)
<b>Total comprehensive income for the year</b>	-	-	(1,401,803)	(1,401,803)
<b>At 31 October 2019</b>	39,996	59,994	(4,502,495)	(4,402,505)

The notes on pages 14 to 29 form part of these financial statements.

ALPHA HOLIDAYS LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 OCTOBER 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(1,401,803)	(101,519)
<b>Adjustments for:</b>		
Amortisation of intangible assets	2,142,911	2,061,487
Depreciation of tangible assets	72,370	65,112
Interest paid	1,155	290
Interest received	(332)	(3,456)
Taxation charge	119,836	(96,918)
Decrease/(increase) in debtors	6,959,185	(5,416,632)
(Decrease)/increase in creditors	(9,607,239)	3,246,644
Increase/(decrease) in amounts owed to group undertakings	1,143,455	(21,608)
Net fair value losses recognised in P&L	111,877	230,593
Corporation tax received	88,035	86,791
<b>Net cash generated from operating activities</b>	<b>(370,550)</b>	<b>50,784</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(325,696)	(276,650)
Purchase of tangible fixed assets	(16,210)	(79,754)
Interest received	332	3,456
<b>Net cash from investing activities</b>	<b>(341,574)</b>	<b>(352,948)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(1,155)	(290)
<b>Net cash used in financing activities</b>	<b>(1,155)</b>	<b>(290)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(713,279)</b>	<b>(302,454)</b>
Cash and cash equivalents at beginning of year	1,966,327	2,268,781
<b>Cash and cash equivalents at the end of year</b>	<b>1,253,048</b>	<b>1,966,327</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,253,048	1,966,327
	<b>1,253,048</b>	<b>1,966,327</b>

The notes on pages 14 to 29 form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

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**1. General information**

Alpha Holidays Limited is a private company limited by shares and incorporated in England under registered number 10270092. Its registered office is at 2nd Floor, Nucleus House, 2 Lower Mortlake Road, Richmond, TW9 2JA.

The address of the Company's principal place of business, being different to the registered office stated on the Company Information page, is: 3rd Floor, Royal House, 2 Vine Street, Uxbridge, UB8 1QE

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

**1.2 Going concern**

The company's business activities, together with the factors likely to affect its future development and position are set out in the Strategic Report on pages 1 and 2. The financial position of the company, its cash flows and liquidity position are described in the Strategic Report. Information about the company's financial risk, management objectives and policies, including its exposure to cash flow and regulatory risks, are detailed on pages 3 and 4 of the Director's Report.

The company meets its day to day working capital requirements through a combination of operating cash flows, shareholder loans and other third party facilities. A fundamental part of this is the financial support provided by its immediate and ultimate holding company. The directors are satisfied that the company remains a going concern based upon the support of Truly Holdings Limited Group.

**1.3 Revenue**

Turnover represents the net commission earned in respect of holiday and travel arrangement sales, recognised on the date of booking basis.

Gross Retail Turnover ("GRT") - GRT is the total gross sales amount received in respect of the sale of the holiday and travel arrangement sales for the year. Section 23 of FRS102 requires the statutory turnover to be the net of commission earned.

Trade debtors still represent the gross amount receivable in respect of sales of holiday accommodation and travel arrangements, and trade creditors still represent the amounts payable in respect of purchase of holiday accommodation and travel arrangements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019

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1. Accounting policies (continued)

1.4 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

1.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

1.6 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

1.7 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019

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1. Accounting policies (continued)

1.8 Pensions

**Defined contribution pension plan**

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

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.9 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

1.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019

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1. Accounting policies (continued)

1.11 Intangible assets

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Income Statement over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Patents	-	25 %
Development expenditure	-	25 %
Goodwill	-	20 %

1.12 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Fixtures and fittings	-	20%
Office equipment	-	33%
Computer equipment	-	33%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019

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**1. Accounting policies (continued)**

**1.13 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

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

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**1.14 Debtors**

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

**1.15 Cash and cash equivalents**

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**1.16 Creditors**

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

**1.17 Provisions for liabilities**

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

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

**1. Accounting policies (continued)****1.18 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimates are revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**3. Turnover**

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

	2019 £	2018 £
Sole activity-travel agency	5,935,270	9,770,870
	<u>5,935,270</u>	<u>9,770,870</u>
	2019 £	2018 £
United Kingdom	5,935,270	9,770,870
	<u>5,935,270</u>	<u>9,770,870</u>

All turnover arose within the United Kingdom.

ALPHA HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019

4. Other operating income

	2019 £	2018 £
Foreign exchange difference - gain	1,096,997	623,940
	<u>1,096,997</u>	<u>623,940</u>

5. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>19,760</u>	<u>20,000</u>

**Fees payable to the Company's auditor and its associates in respect of:**

All other services	10,000	15,450
	<u>10,000</u>	<u>15,450</u>

6. Employees

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

	2019 £	2018 £
Wages and salaries	455,502	1,013,529
Social security costs	73,346	111,449
Cost of defined contribution scheme	14,355	22,012
	<u>543,203</u>	<u>1,146,990</u>

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

	2019 No.	2018 No.
Commercial and administration	<u>7</u>	<u>21</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019

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7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	60,417	156,214
	<u>60,417</u>	<u>156,214</u>

8. Interest receivable

	2019 £	2018 £
Other interest receivable	332	3,456
	<u>332</u>	<u>3,456</u>

9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	1,155	290
	<u>1,155</u>	<u>290</u>



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019

10. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	57,984	25,611
Adjustments in respect of previous periods	66,091	(112,402)
	<u>124,075</u>	<u>(86,791)</u>
<b>Total current tax</b>	<u>124,075</u>	<u>(86,791)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(4,239)	(10,127)
<b>Total deferred tax</b>	<u>(4,239)</u>	<u>(10,127)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>119,836</u>	<u>(96,918)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019**

**10. Taxation (continued)****Factors affecting tax charge for the year**

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

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(1,281,967)</u>	<u>(198,437)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(243,574)	(37,703)
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	407,153	291,356
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,297	48,740
Capital allowances for year in excess of depreciation	4,240	(10,625)
Utilisation of tax losses	-	(93,010)
Capital items expensed	(61,882)	-
Adjustments to tax charge in respect of prior periods	66,091	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(50,250)	(173,147)
Research and development tax credit relating to prior year	-	(112,402)
Deferred tax	(4,239)	(10,127)
<b>Total tax charge for the year</b>	<u><u>119,836</u></u>	<u><u>(96,918)</u></u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019

11. Exceptional items

	2019 £	2018 £
Redundancy costs	178,717	112,500
Migration of system and office relocation costs	-	476,658
Lease termination costs	-	28,781
	<u>178,717</u>	<u>617,939</u>

As most of the sales of the company were accommodation only, the company did not incur any significant losses due to the failure of Thomas Cook. During the year, the company underwent an internal restructure and incurred redundancy and restructuring costs.

12. Intangible assets

	Patents £	Development expenditure £	Goodwill £	Total £
<b>Cost</b>				
At 1 November 2018	294	2,111,839	7,667,266	9,779,399
Additions	-	325,696	-	325,696
	<u>294</u>	<u>2,437,535</u>	<u>7,667,266</u>	<u>10,105,095</u>
At 31 October 2019	294	2,437,535	7,667,266	10,105,095
<b>Amortisation</b>				
At 1 November 2018	152	1,008,066	3,066,906	4,075,124
Charge for the year	74	609,384	1,533,453	2,142,911
	<u>226</u>	<u>1,617,450</u>	<u>4,600,359</u>	<u>6,218,035</u>
At 31 October 2019	226	1,617,450	4,600,359	6,218,035
<b>Net book value</b>				
At 31 October 2019	<u>68</u>	<u>820,085</u>	<u>3,066,907</u>	<u>3,887,060</u>
<b>At 31 October 2018</b>	<u>142</u>	<u>1,103,773</u>	<u>4,600,360</u>	<u>5,704,275</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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13. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 November 2018	49,355	5,958	178,452	233,765
Additions	-	-	16,210	16,210
At 31 October 2019	49,355	5,958	194,662	249,975
<b>Depreciation</b>				
At 1 November 2018	13,925	4,047	81,039	99,011
Charge for the year on owned assets	9,871	1,911	60,588	72,370
At 31 October 2019	23,796	5,958	141,627	171,381
<b>Net book value</b>				
At 31 October 2019	25,559	-	53,035	78,594
<b>At 31 October 2018</b>	35,430	1,911	97,413	134,754

ALPHA HOLIDAYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2019

14. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 November 2018	30,000
At 31 October 2019	<u>30,000</u>

**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Truly Travel (IRE) Limited	3rd Floor, Royal House, 5 Vine Street, Uxbridge, UB8 1BP	Ordinary	100 %

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

Name	Aggregate of share capital and reserves	Profit/(Loss)
Truly Travel (IRE) Limited	200,500	26,830

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NOTES TO THE FINANCIAL STATEMENTS  
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15. Debtors

	2019 £	2018 £
Trade debtors	8,001,063	13,638,873
Other debtors	3,690,655	5,019,576
Prepayments and accrued income	418,348	497,593
Deferred taxation	14,366	10,127
	<u>12,124,432</u>	<u>19,166,169</u>

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,253,048	1,966,327
	<u>1,253,048</u>	<u>1,966,327</u>

The company is a member of the Travel Trust Association ("TTA") and utilises the TTA structure in order to protect consumer funds in accordance with the Package Travel Regulations. As at 31 October 2019, included in cash at bank is the sum of £792,496 (2018 - £1,349,307) held in the TTA trust accounts to be released based upon a set of rules agreed with the TTA which provide full consumer protection.

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	14,668,552	23,636,613
Amounts owed to group undertakings	4,089,297	2,945,842
Corporation tax	125,319	-
Other taxation and social security	4,216	39,238
Other creditors	830	466,605
Accruals and deferred income	256,740	395,121
Financial instruments	130,685	18,808
	<u>19,275,639</u>	<u>27,502,227</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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18. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to group undertakings	2,500,000	2,500,000
	<u>2,500,000</u>	<u>2,500,000</u>

**Subordinated loans**

The amount due to group undertakings in the sum of £2,500,000 is an interest free loan from Truly Holdings Limited, the immediate and ultimate holding company, and is subject to a subordinated undertaking in favour of the Civil Aviation Authority ("CAA") in relation to the company's Air Travel Organisers Licence ("ATOL") and cannot be repaid without the CAA's prior written consent.

19. Deferred taxation

	2019 £
At beginning of year	10,127
Charged to profit or loss	4,239
<b>At end of year</b>	<u><b>14,366</b></u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	14,366	10,127
	<u>14,366</u>	<u>10,127</u>

20. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
99,990 (2018 - 99,990) A Ordinary shares of £0.40 each	<u>39,996</u>	<u>39,996</u>

NOTES TO THE FINANCIAL STATEMENTS  
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**21. Reserves**

**Capital redemption reserve**

The capital redemption reserve was created during 2017 when 99,989 of B Ordinary and 99,989 of C Ordinary, £0.30 shares were redeemed by the company.

**Profit and loss account**

The profit and loss account represents the net distributable reserves of the company at the date of the statement of financial position.

**22. Pension commitments**

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £14,355 (2018 - £22,012).

**23. Commitments under operating leases**

The Company had no commitments under the non-cancellable operating leases as at the reporting date.

**24. Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard 102, paragraph 33.1A, from the requirement to disclose transactions with group companies on the basis that consolidated financial statements are prepared by the ultimate parent company.

**25. Controlling party**

The ultimate controlling party is Mr S K Edara, a director of the company, by virtue of his 53.6% ownership of the issued share capital of the holding company Truly Holdings Limited.

**26. Holding company**

The immediate and ultimate holding company is Truly Holdings Limited, a company limited by shares, incorporated in England and Wales whose registered office is situated at 2nd Floor, Nucleus House, 2 Lower Mortlake Road, Richmond, TW9 2JA.



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