

# Monaco Midco Limited

Report and Financial Statements

Year Ended

31 March 2020

Company Number 10295644

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# **Monaco Midco Limited**

## **Report and financial statements for the year ended 31 March 2020**

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### **Directors**

A T Baumfield  
M G Everson  
F A Stratford  
J Hanly  
M L Williams  
G R Collier

### **Registered office**

Nexus Place, 25 Farringdon Street, London, EC4A 4AF

### **Company number**

10295644

### **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# Monaco Midco Limited

## Strategic Report for the year ended 31 March 2020

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2020.

### Principal activities

The principal activity of the company is that of a holding company for the Reed & Mackay Group which provides corporate travel management solutions to companies across the globe and is engaged in the booking and ticketing of flights, hotels and ancillary services for business travel and the arrangement of corporate events and meetings throughout the world.

### Business review and future developments

The business was that of, and will continue to be that of, a holding company.

As an investment holding company, the underlying performance of the company's trading subsidiary, Reed & Mackay Travel Limited is key. The directors are satisfied with the performance of this company.

### Key Performance Indicators

The Board drives business performance through the setting of clearly defined and measured key performance indicators (KPIs), taking appropriate action where required to enhance the financial results of the business.

The key performance indicators of the group are as follows:

	2020 £'000	2019 £'000
Operating (loss) / profit	(3)	9
Loss after tax	(458)	(422)

### Income statement review

Total comprehensive loss for the year of £0.5 m (2019 - £0.4m) relates principally to net interest charges of £0.5m (2019 - £0.4m).

### Balance sheet review

The Company had net liabilities at the year-end of £1.1m (2019 - £0.6m) with the only movement in reserves relating to a £0.5m loss in the year (2019 - £0.4m loss). During the year, and as noted below subsequent to the year end, the Group obtained further financing through bank loans to provide financing to its subsidiaries.

### Post Balance Sheet Events

Since the year-end and up to the date of signing these financial statements, the COVID-19 pandemic continues to cause massive disruption to the travel industry globally and is having a significant impact on the Group's trading. As a result, the Group is now forecasting significantly reduced revenue and increased losses for the year to 31 March 2021. The Directors have taken a number of measures to protect the business during this period of severe disruption, preserving cash, and reducing costs. Sadly, this has meant that we have had to significantly reduce our staff numbers which we recognise has been very difficult for all our colleagues, many of whom we have worked with for many years. We remain hopeful that we can re-employ our colleagues again in the future, but unfortunately the downturn in travel appears likely to continue into 2021.

The Group has made full use of the various government schemes across the world, including the UK government's Coronavirus Job Retention Scheme with a significant proportion of the Group's workforce placed on furlough.

# Monaco Midco Limited

## Strategic Report (continued) for the year ended 31 March 2020

### Post Balance Sheet Events (continued)

The Group has also updated and amended its banking facilities with a revised set of financial covenants until December 2021 and has proactively increased its senior credit facility by £9.3m in July 2020. As at the date of signature of these financial statements, the Group has a very strong cash balance and substantial liquidity headroom, which based on a cautious set of forecasts, will mean the Group is well placed to meet its financial covenants; however as set out in note 1 of the financial statements there is some uncertainty over the timing of the recovery of business travel and therefore there is a risk that the forecasts will not be achieved.

### Principal risks and uncertainties

The principal risk of the company is whether the underlying performance of its subsidiary group will perform at a level that will enable the company to recover the cost of its investment.

The company's risk management framework includes a process for identifying, assessing and responding to risk and supporting the company's strategy and business objectives.


Risk management operates at all levels throughout the business. However, the Board takes overall responsibility, determining the nature and extent of principal risks it is willing to take to achieve the company's strategic objectives, and maintaining the company's risk governance structure and appropriate internal control framework.

### COVID-19

The COVID-19 crisis has caused massive disruption to all aspects of life and significantly affected the travel industry globally. The directors have considered the impact on the group's revenue streams, operational and administrative costs and liquidity. As noted above, the group has experienced a significant decline in revenue since February 2020 and has taken measures to control costs through a combination of removing all discretionary spend, reduced staff numbers and utilisation of government schemes where these apply. The group has prepared forecasts and modelled the combined effects of the decline in revenue and costs reduction based on various scenarios relating to the probable timing and pace of recovery in corporate travel. This detailed review has demonstrated that the group has sufficient liquidity to meet its day to day working capital requirements from its cash reserves, including scenarios where there is a slow and gradual recovery in corporate travel. However, given the unprecedented situation facing the world, and specifically the corporate travel market, caused by this pandemic, until there is an effective vaccine or some other form of treatment that is widely available, nobody can predict when businesses and people will regain complete confidence in travelling. International travel will continue to be hampered by the restrictions and border controls imposed by governments on traveling and it is not yet clear when these will be lifted. For these reasons the Directors highlight the material uncertainty relating to its forecasts which support preparing these financial statements on a going concern basis; further details are set out in note 1 to the Financial Statements.

This strategic report was approved by order of the board on 30/9/2020

By order of the Board

  
J Hanly  
Director

# Monaco Midco Limited

## Directors' report for the year ended 31 March 2020

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The directors present their report together with the audited financial statements for the year ended 31 March 2020.

### Directors

The directors of the company during the year were:

A T Baumfield  
M G Everson  
F A Stratford  
J Hanly  
M L Williams  
G R Collier

### Results and dividends

The statement of comprehensive income is set out on page 9 and shows the loss for the year.

The directors do not recommend the payment of a dividend (2019 - £Nil).

### Employment of disabled persons

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the group.

### Employee involvement

The group is committed to engaging employees in the performance and direction of the group. Through the group's performance development plans and incentive schemes, employee's objectives are closely aligned to those of the group. Management is committed to having the industry leading training programme and has continued to invest in bespoke training, including the Learning Academy (accredited by the Chartered Management Institute). Furthermore, as part of a blended employee engagement approach, the group has developed several core e-learning programmes. Employees also attend quarterly business updates and an annual conference where, through interactive sessions, ideas around business development and industry innovation are shared.

### Corporate social responsibility

The group is committed to operating to the highest ethical standards; this includes all of its dealings with customers, employees, shareholders and other stakeholders. The group holds the ISO14001 accreditation and continues to support i-Care its charitable foundation.

A consulting service is provided to customers advising on the most carbon efficient method of travel available to them. This is backed up with carbon emission reporting that is supplied to companies to assist in the reduction of their carbon footprint.

### Matters covered in the Strategic Report

As permitted by paragraph 1A of Schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors' report have been omitted as they are included in the Strategic Report on pages 1 and 2. These matters relate to the principal activity, post balance sheet events, future developments, financial risk, management objectives and policies and exposure to certain risks in the business.

## Monaco Midco Limited

### Directors' report for the year ended 31 March 2020 (*continued*)

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All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report was approved by the Board of Directors and authorised for issue on 30/9/2020

  
J Hanly  
Director

# **Monaco Midco Limited**

## **Directors' responsibilities statement for the year ended 31 March 2020**

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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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless 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 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; 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 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.

# Monaco Midco Limited

## Independent auditor's report

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**To the members of Monaco Midco Limited**

### **Opinion**

We have audited the financial statements of Monaco Midco Limited ("the Company") for the year ended 31 March 2020 which comprise the income statement and statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 March 2020 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to note 1 to the financial statements, which indicates that the Company is reliant on the funding and liquidity of Monaco Topco Limited and its subsidiaries ("the Group"). Due to the current uncertainty in respect of business travel, there is a risk that the Group will breach the minimum liquidity levels on the Group's lending facilities within twelve months of the date of approval of these financial statements as a result of the impact of the COVID-19 Pandemic. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



# Monaco Midco Limited

## Independent auditor's report (*continued*)

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### 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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 Statement of Directors' responsibilities, 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.

# Monaco Midco Limited

## Independent auditor's report (*continued*)

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### 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, UK

30 September 2020

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

# Monaco Midco Limited

## Income statement and statement of comprehensive income for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Administrative expenses		(3)	9
<b>Operating (loss) / profit</b>	3	(3)	9
Interest payable and similar charges	5	(10,260)	(9,300)
Interest receivable and similar income	6	9,805	8,869
<b>Loss before taxation</b>		(458)	(422)
Taxation on loss	7	-	-
<b>Total comprehensive loss for the year</b>		(458)	(422)

All amounts relate to continuing activities.

The notes on pages 12 to 23 form part of these financial statements.

# Monaco Midco Limited

## Statement of financial position for the year ended 31 March 2020

<b>Company number 10295644</b>	<b>Note</b>	<b>2020 £'000</b>	<b>2020 £'000</b>	<b>2019 £'000</b>	<b>2019 £'000</b>
<b>Fixed assets</b>					
Investments	8		70		70
<b>Current assets</b>					
Debtors – due within one year	9	103,438		94,831	
Debtors – due after more than one year	9	13,143		11,945	
		<u>116,581</u>		<u>106,776</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,459)</u>		<u>(33)</u>	
<b>Net current assets</b>			115,122		106,743
<b>Total assets less current liabilities</b>			<u>115,192</u>		<u>106,813</u>
<b>Creditors: amounts falling due after more than one year</b>	11		<u>(116,287)</u>		<u>(107,450)</u>
<b>Net liabilities</b>			<u>(1,095)</u>		<u>(637)</u>
<b>Capital and reserves</b>					
Called up share capital	13		70		70
Profit and loss account			<u>(1,165)</u>		<u>(707)</u>
<b>Shareholders' deficit</b>			<u>(1,095)</u>		<u>(637)</u>

The financial statements were approved and authorised for issue by the board on 30/9/2020 and were signed on its behalf by:

  
J Hanly  
Director

The notes on pages 12 to 23 form part of these financial statements.

# Monaco Midco Limited

## Statement of changes in equity for the year ended 31 March 2020

	Share capital £'000	Profit and loss account £'000	Total equity £'000
<b>At 1 April 2019</b>	<b>70</b>	<b>(707)</b>	<b>(637)</b>
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(458)	(458)
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(458)</b>	<b>(458)</b>
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2020</b>	<b>70</b>	<b>(1,165)</b>	<b>(1,095)</b>
	<hr/>	<hr/>	<hr/>
	Share capital £'000	Profit and loss account £'000	Total equity £'000
<b>At 1 April 2018</b>	<b>70</b>	<b>(285)</b>	<b>(215)</b>
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(422)	(422)
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(422)</b>	<b>(422)</b>
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2019</b>	<b>70</b>	<b>(707)</b>	<b>(637)</b>
	<hr/>	<hr/>	<hr/>

The notes on pages 12 to 23 form part of these financial statements.

# Monaco Midco Limited

## Notes forming part of the financial statements for the year ended 31 March 2020

### 1 Accounting policies

Monaco Midco Limited is a company, limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report.

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

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom 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:

#### *Going concern*

The company had net liabilities of £1,095,000 (2019 - £637,000).

The directors have prepared the accounts on a going concern basis. The Company is reliant on the funding and liquidity of Monaco Topco Ltd and its subsidiaries (the Group). The directors, therefore, after making enquiries, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Subsequent to the year-end the Group has updated and amended its banking facilities with a revised set of financial covenants until December 2021. The cash flows indicate that the Group can trade within its existing facilities, meet its liabilities as they fall due and meet all banking covenants throughout this period. The directors have considered these projections and the availability of shareholder support, and on this basis concluded that the going concern basis of preparation is appropriate.

The COVID-19 pandemic has led to a significant trading impact from late February 2020 through to the most recent trading results up to the date of signing these financial statements. Whilst domestic travel in each market has shown some signs of recovery, international travel remains limited; however, the Directors expect a gradual return to international business travel over the next two years.

Directors have taken steps to protect the wider Group's cash flow and is managing its cash reserves through reducing costs and has proactively increased its senior credit facility by £9.3m in July 2020. The cost reduction measures include reducing staff numbers, reduction of hours and salaries; availing of Government subsidies such as the Coronavirus Job Retention Scheme; and, the deferral or waiver of tax liabilities and rental costs as and where permitted under local rules.

Given the unprecedented situation facing the world, and specifically the corporate travel market, caused by this pandemic, until there is an effective vaccine or some other form of treatment that is widely available, nobody can predict with certainty when businesses and people will regain complete confidence in travelling. International travel will continue to be hampered by the restrictions and border controls imposed by governments on traveling and it is not yet clear when these will be lifted. This creates material uncertainty that may cast significant doubt about the Group's forecasts and, consequently, the Company's ability to continue as a going concern and that, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Under the revised terms with its debt providers, the Group has minimum liquidity levels to be met over the forecast period. The group is forecasting to meet these liquidity levels, but these forecasts are based on a gradual return of business travel over the next two years. Given the level of uncertainty, there is a risk that the pace and level at which business travel returns could be materially less than forecast and this could potentially lead the Group to breach the liquidity tests set out in its banking agreement within twelve months from the date of approval of these financial statements.

# Monaco Midco Limited

## Notes forming part of the financial statements for the year ended 31 March 2020

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### *Going concern (continued)*

The Group has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements. The financial statements have therefore been prepared on a going concern basis.

The following principal accounting policies have been applied:

### *Consolidated financial statements*

The financial statements contain information about Monaco Midco Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by Section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the EEA accounts of a larger group.

### *Financial reporting standard 102 - reduced disclosure exemptions*

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv) to disclose in either the statement of financial position or in the notes, a description of each reserve within equity;
- the requirements of Section 3 paragraph 3.17 (d) and Section 7 Statement of Cash Flows to present a statement of cash flows;

This information is included in the consolidated financial statements of Monaco Topco Limited as at 31 March 2020 and these financial statements may be obtained from Companies House.

### *Valuation of investments*

Investments in subsidiaries are measured at cost less accumulated impairment. Impairment charges are recorded if events or changes in circumstances indicate that the carrying value may not be recoverable.

### *Financial Assets*

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instruments contractual obligations, rather than the financial instrument's legal form.

### *Finance costs*

Finance costs are charged to profit or loss 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.

### *Borrowing costs*

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

# Monaco Midco Limited

## Notes forming part of the financial statements for the year ended 31 March 2020 (continued)

### 1 Accounting policies (continued)

#### *Financial instruments*

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

#### *Financial instruments (continued)*

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### *Current and deferred taxation*

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or 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's subsidiaries operate and generate taxable income.

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

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.



# Monaco Midco Limited

## Notes forming part of the financial statements for the year ended 31 March 2020 (continued)

### 1 Accounting policies (continued)

#### *Current and deferred taxation (continued)*

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### *Reserves*

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

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

In preparing these financial statements, the directors have made the following judgements:

- *Impairment of goodwill, other intangible and tangible assets and investments*

Group Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is an indication that an asset may be impaired, the carrying value of the assets (or cash generating unit ('CGU') to which the asset has been allocated) is tested for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. To determine the fair value, valuations were undertaken based on estimates and assumptions about the future cash flows of each CGU, discounted to present value at the reporting date, using discount factors determined based on the weighted average cost of capital appropriate to that CGU.

The future cash flow estimates were based on projected future performance of CGUs taking into consideration the risks associated with Covid-19 known at the reporting date, having reference to independent 3rd party industry analysis, in particular in respect of the expected reduction of travel due to Covid-19. As at 31 March 2020, the carrying value of CGUs is greater than the NBV of the associated intangibles recorded in the accounts and therefore no impairment has been recognised; however, as set out in note 16 on post balance sheet events, the directors continue to monitor the financial impact of the Covid-19 pandemic.

#### *Other key sources of estimation uncertainty*

- *Taxation and deferred tax*

The likelihood of any timing differences on tax balances reversing is assessed each year when calculating the deferred tax balances. This takes into account forecast taxable income and any changes in tax legislation.

# Monaco Midco Limited

## Notes forming part of the financial statements for the year ended 31 March 2020 (continued)

- *Carrying value of intercompany debtors*

The recoverability of balances due from fellow group undertakings is assessed each year to ensure the receivable is carried at the amount that it is reasonably expected to be recovered on the amounts owed. The annual of the recoverability of intercompany balances considered the impact of Covid-19. The future cash flow estimates were based on projected future performance of CGUs taking into consideration the risks associated with Covid-19 known at the reporting date, having reference to independent 3rd party industry analysis, in particular in respect of the expected reduction of travel due to Covid-19.

### 3 Operating (loss) / profit

Fees payable to the company's auditors for the audit of the company's annual financial statements were £3,250 (2019 - £3,000). Auditors' remuneration fees were borne by Reed & Mackay Travel Limited, a fellow subsidiary undertaking.

### 4 Employees and directors

The company had no employees other than the directors (2019 – none).

No directors received any emoluments during the year. Certain directors of the company are also directors of Reed & Mackay Travel Limited and other companies within Monaco Topco Limited group. The directors do not believe it is practical to apportion this amount for their services as directors of the company and their services as directors of other group companies and as such, their emoluments are disclosed as a whole in the accounts of Reed & Mackay Travel Limited.

Payments to certain directors are made through Inflexion Private Equity Partners LLP and are not recharged to the company.

### 5 Interest payable and similar charges

	2020 £'000	2019 £'000
Loan notes	8,777	7,930
Interest payable to group companies	1,201	1,088
Amortisation of fees	282	282
	<u>10,260</u>	<u>9,300</u>

### 6 Interest receivable and similar charges

	2020 £'000	2019 £'000
Interest receivable from group companies	<u>9,805</u>	<u>8,870</u>

# Monaco Midco Limited

Notes forming part of the financial statements  
for the year ended 31 March 2020 *(continued)*

## 7 Taxation

	2020 £'000	2019 £'000
Total taxation on loss on ordinary activities	-	-
<b>Factors affecting tax charge for the year</b>		
The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:		
	2020 £'000	2019 £'000
Loss on ordinary activities before tax	(458)	(422)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19 % (2019 - 19%)	(87)	(80)
Effects of:		
Group relief	84	80
Deferred tax not recognised	3	-
Total tax charge for year	-	-

# Monaco Midco Limited

Notes forming part of the financial statements  
for the year ended 31 March 2020 (continued)

## 8 Investments

Investments  
in subsidiary  
undertakings  
£'000

Cost

At 1 April 2019 and 31 March 2020

70

The undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business	Registered Office
Monaco Bidco Limited	England and Wales	Ordinary	100%	Holding company	Nexus Place, 25 Farringdon Street, London, EC4A 4AF
RTV Holdco Limited*	Jersey	Ordinary	100%	Holding company	47 Esplanade, St. Helier, JE1 08D, Channel Islands
RTV Bidco Limited*	Jersey	Ordinary	100%	Holding company	47 Esplanade, St. Helier, JE1 08D, Channel Islands
Reed & Mackay Holdings Limited*	England and Wales	Ordinary	100%	Holding company	Nexus Place, 25 Farringdon Street, London, EC4A 4AF
Reed & Mackay Travel Limited*	England and Wales	Ordinary	100%	Corporate travel agent	Nexus Place, 25 Farringdon Street, London, EC4A 4AF
i-Q Travel Solutions Limited*	England and Wales	Ordinary	100%	Dormant	Nexus Place, 25 Farringdon Street, London, EC4A 4AF
Reed & Mackay (EBT) Limited*	England and Wales	Ordinary	100%	Dormant	Nexus Place, 25 Farringdon Street, London, EC4A 4AF
Reed & Mackay Travel Incorporated*	USA	Ordinary	100%	Corporate travel agent	1105 N Market Street, 11th floor, Wilmington, DE19801
Reed & Mackay Travel Management Services FZE*	UAE	Ordinary	100%	Corporate travel agent	Office E5-505, Dubai Silicon Oasis HQ Building, Dubai
Reed & Mackay Partnership International (Holdings) Limited*	England and Wales	Limited by guarantee	100%	Holding company	Nexus Place, 25 Farringdon Street, London, EC4A 4AF

# Monaco Midco Limited

## Notes forming part of the financial statements for the year ended 31 March 2020 (continued)

### 8 Investments (continued)

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business	Registered Office
Reed & Mackay Partnership International Limited*	England and Wales	Ordinary	100%	Global travel service provider	Nexus Place, 25 Farringdon Street, London, EC4A 4AF
Reiseburo Moll GmbH*	Germany	Ordinary	49%	Corporate travel agent	Robert-Bosch-Strasse 32, 63303 Dreieich, Germany
Frequent Flyer Travel Paris SAS*	France	Ordinary	100%	Corporate travel agent	63 bis, Avenue Ledru-Rollin 75012, Paris, France
Reed & Mackay Travel Singapore Pte Limited*	Singapore	Ordinary	100%	Corporate travel agent	600 North Bridge Road, #23-01, Parkview Square, Singapore 188778
Reed & Mackay Travel Australia Pty Limited*	Australia	Ordinary	100%	Corporate travel agent	Level 11, 1 Margaret Street, Sydney, NSW 2000, Australia
Reed & Mackay Canada Inc*	Canada	Ordinary	100%	Corporate travel agent	c/o BDO Law LLP 600-925 West Georgia Street, Vancouver, BC V6C 3L2, Canada
Hillgate Travel Holdings Limited*	England and Wales	Ordinary	100%	Holding company	Nexus Place, 25 Farringdon Street, London, EC4A 4AF
Dechaltach Holdings Limited*	England and Wales	Ordinary	100%	Holding company	Nexus Place, 25 Farringdon Street, London, EC4A 4AF
Hillgate Travel Limited*	England and Wales	Ordinary	100%	Holding company	Nexus Place, 25 Farringdon Street, London, EC4A 4AF
Hillgate Incentives Limited*	England and Wales	Ordinary	100%	Holding company	Nexus Place, 25 Farringdon Street, London, EC4A 4AF
Concierge Travel Pty Limited*	Australia	Ordinary	100%	Corporate travel agent	332 Kent Street, Sydney, NSW 2000, Australia
Haram Pty Ltd*	Australia	Ordinary	100%	Trust	332 Kent Street, Sydney, NSW 2000, Australia
Alquemie Travel Pty Limited*	Australia	Ordinary	100%	Corporate travel agent	332 Kent Street, Sydney, NSW 2000, Australia
Concierge Travel Group Limited*	New Zealand	Ordinary	100%	Corporate travel agent	Level 4 Zurich House, 21 Queen Street, Auckland Central 1010, New Zealand

# Monaco Midco Limited

## Notes forming part of the financial statements for the year ended 31 March 2020 (continued)

### 8 Investments (continued)

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business	Registered Office
Business Travel Direct (International) Limited*	England and Wales	Ordinary	100%	Corporate travel agent	Nexus Place, 25 Farringdon Street, London, EC4A 4AF
Business Travel Direct Limited*	England and Wales	Ordinary	100%	Corporate travel agent	Nexus Place, 25 Farringdon Street, London, EC4A 4AF
Reed & Mackay Travel Netherlands B.V.*	Netherlands	Ordinary	100%	Corporate travel agent	Barbara Strozzi laan, 201 1083 HN Amsterdam

\*held indirectly

### 9 Debtors

*Amounts falling due within one year*

	2020 £'000	2019 £'000
Amounts owed by group companies	103,417	94,810
Other debtors	21	21
	<u>103,438</u>	<u>94,831</u>

*Amounts falling due after more than one year*

	2020 £'000	2019 £'000
Amounts owed by group companies	13,143	11,945

Certain amounts owed by group companies carry interest at 10-10.25% (compounded annually) and are repayable on 3 August 2024. All other amounts owed to group companies are unsecured, interest free and repayable on demand.

### 10 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed to group companies	1,459	33

Amounts owed to group companies, shown as due within one year are unsecured, interest free and repayable on demand.

# Monaco Midco Limited

## Notes forming part of the financial statements for the year ended 31 March 2020 (continued)

### 11 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Loan notes (net of issue costs)	103,109	94,050
Amounts owed to group companies	13,178	13,400
	<u>116,287</u>	<u>107,450</u>

Loan notes carry interest of 10% and are repayable on 3 August 2024. Amounts included in creditors: amounts falling due after more than one year of £103,109,000 (2019 - £94,050,000) include accrued interest of £27,903,270 (2019 - £19,125,680) and are presented net of arrangement fees of £1,224,330 (2019 - £1,506,217).

Amounts owed to group companies, shown as due after more than one year, are repayable on 3 August 2024 and carry interest of between 10% and 10.25%. All other amounts owed to group companies are interest free and repayable on demand.

The maturity of services of debt finance are as follows:

	Amounts owed to group companies £'000	Loan notes £'000	2020 Total £'000
In one year of less, or on demand	1,459	-	1,459
In more than one year and less than five years	13,178	103,109	116,287
	<u>14,637</u>	<u>103,109</u>	<u>117,746</u>
	Amounts owed to group companies £'000	Loan notes £'000	2019 Total £'000
In one year of less, or on demand	33	-	33
In more than five years	13,400	94,050	107,450
	<u>13,433</u>	<u>94,050</u>	<u>107,483</u>

Monaco Midco Limited is party to a senior facilities agreement as parent company of Monaco Bidco Limited. The loan drawn down under this agreement is included in the statement of financial position of Monaco Bidco Limited.

This loan is secured by a fixed and floating charge on the assets of Monaco Midco Limited.

# Monaco Midco Limited

## Notes forming part of the financial statements for the year ended 31 March 2020 (continued)

### 12 Financial instruments

	2020 £'000	2019 £'000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	116,581	106,777
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	117,746	107,483

Financial assets measured at amortised cost comprise other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise loan notes and amounts owed to group undertakings.

### 13 Share capital

	2020 Number	Allotted, called up and fully paid 2019 Number	2020 £'000	2019 £'000
Ordinary shares of £1.00 each	69,519	69,519	70	70

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

### 14 Related party transactions

The company has taken advantage of the exemption conferred by paragraph 33.1A of FRS 102 Section 33 not to disclose transactions with members of the group headed by Monaco Topco Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

Loans and transactions relating to shareholders and directors of the Company's parent company Monaco Topco Limited:

	Accrued interest 2020 £'000	Amounts owed to related parties 2020 £'000	Accrued interest 2019 £'000	Amounts owed to related parties 2019 £'000
Inflexion Buyout Fund IV (No.1) L.P.	16,051	38,160	11,109	38,160
Inflexion Buyout Fund (No.2) L.P.	3,801	9,038	2,631	9,038
Supplementary Fund IV (1)	5,568	13,237	3,854	13,237
Supplementary Fund IV (2)	1,471	3,497	1,018	3,497
Directors of Parent Company	210	499	145	499
	27,101	64,431	18,757	64,431



# Monaco Midco Limited

## Notes forming part of the financial statements for the year ended 31 March 2020 (*continued*)

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### 14 Related party transactions (*continued*)

#### *Key management personnel*

The directors are considered to be key management personnel. Details of directors' remuneration are included in note 4.

### 15 Controlling party

At 31 March 2020, the company's parent company was Monaco Topco Limited which is the parent of both the largest and smallest group of which the company is a member and for which consolidated accounts are available.

Copies of the consolidated financial statements of Monaco Topco Limited are available from Companies House.

In the opinion of the directors, the ultimate controlling shareholder is Inflexion Buyout fund IV (No 1) LP.

### 16 Post balance sheet events

Since the year-end the Group is forecasting significantly reduced revenue and increased losses for the year to 31 March 2021. The Directors have taken a number of measures to protect the business during this period of severe disruption, preserving cash, and reducing costs. The directors continue to monitor the financial impact of the Covid-19 pandemic.

The Group has made full use of the various government schemes across the world, including the UK government's Coronavirus Job Retention Scheme with a significant proportion of the Group's workforce placed on furlough.

In July 2020 the Company has updated and amended its banking facilities and has increased its senior credit facility by £9.3m.